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City Manager

CITY OF CHELSEA

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Dear Honorable City Council:

It is a great honor and true pleasure to share with you and our fellow stakeholders the following State of the City Report entitled: *Keeping in Touch*. The report represents a compilation of highlights and goals that have and will drive our City government. More so, the discussion about issues and solutions are meant to give the reader valuable insight into the philosophy we have institutionalized for the benefit of our community at large.

There is much good news to report, although the City's ability to remain financially viability for the next fiscal year and beyond is under great stress. That viability and our ability to meet the financial and operational requirements of a functioning municipal government continue to be tested, as revenue declines and spiraling costs in certain areas do threaten the long-term health of the community. Rainy day funds, as well as strong leadership on deck, are helping our ship of government navigate through a troubling sea of red ink that may capsize others. We must stay the course on our journey, and hope that better, calmer days are ahead. However, we must also prepare for the worst, should more difficult times confront us in the future.

You as a City Council have provided such leadership in the past. You should be congratulated for your role in building up reserve funds, as well as your initiative to bring long-lasting revitalization to a community that appreciates your toil. While there will be difficult decisions ahead, you have already proven to be capable of making those tough decisions by being consistent with one overriding approach: the advancement of our community through a single pro-Chelsea agenda. Your work with the Administration has provided a chance for us to already realize tremendous achievement and has laid the framework for continued initiative and focused planning to replicate success after success well into the future. Unfortunately, our most important charge will be to keep both eyes on the City's finances. The strength of our City and the ability of us all to lead and respond on so many issues is based squarely on our ability to balance budgets and protect and expand upon core municipal services. To this end, we must all recommit ourselves for 2004.

Notwithstanding the financial discussions that follows in these pages and will be of even greater focus in the upcoming review of the City's Five-Year Financial Forecast and Annual Budget, our community is thriving. By remaining loyal to those Fundamentals we have long-cherished as our guide to a more responsive government, we are realizing gains in nearly every area of focus. No, we have not reached as far as we wish, but we have reversed years of decline and neglect and continue to build one success upon another in a fashion which has caught the nation's attention. Like you, I am grateful to be a part of this community and proud of that which we have accomplished.

For me, the bottom line is about how government perceives itself and functions. Again, your leadership on promoting professional management and acting in the interest of the whole has meant that today's Chelsea government is more responsive to the people it serves, and more committed to addressing the needs of all those in the community. That pronouncement in itself will not solve a variety of issues that confront us, but the process in which we proceed does allow us to set the foundation upon which the solutions to each and any problem can be framed and constructed.

Our commitment to each other and to the stakeholders in our community will surely foster even greater accomplishment than that which is reported in these pages. "Keeping in Touch" will allow us to further a record of achievement that continues to have individuals and communities pointing to the City for answers and as an example. I am pleased to make such a commitment to you through this annual report and our other actions together.

Very truly yours,

Jay Ash
City Manager



KEEPING IN TOUCH

In a perfect world, one would be in control of destiny. From a municipal perspective, conducting government in an honest and professional manner, institutionalizing financial discipline, giving the appropriate weight to short- and long-term goals, setting and following an aggressive course towards neighborhood enhancements, encouraging economic development and providing each and every resident of the community with opportunities for personal growth and a better quality of life should be the channel through which only positive outcomes flow. That is, of course, if it were a perfect world. Unfortunately, though, in the world of municipal management, reality will and does eventually set in, no matter how disciplined leaders may be in striving for utopia. Such arguably characterizes the local situation, where the ravages of historic local aid cuts and the seemingly endless double-digit increases in health care costs, among many personnel related costs, are casting ominous clouds that block the sunshine from beaming upon a community that has fulfilled much of its promise.

Surely, the City is not alone in its plight. The impacts of a national recession on the State budget has resulted in many, and there are many, who rely upon local aid to fund municipal operations to find little solace in the prognostications that the recovery has finally begun. Communities around the commonwealth, large, small and in-between, are finding it difficult, if not impossible, to navigate through what may be the worst municipal finance environment since the Great Depression. It should come as no surprise to the causal observer, and the municipal expert easily recognizes, that gloom and doom are varying distances away from local communities and those around the country. Among the only remedies providing some with relief are the preventive medicines, or precautions, some took while times were good; in order to be healthier when times got bad.

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The City is fortunate thanks to the great leadership offered in the past by the City Council and City Administration to be among those who coveted surpluses instead of spending beyond one's means. If anything can be learned from the ailment impacting one and all it is that moderation in good times can help moderate the pain in bad times. The City built reserves as it strove for higher plateaus. While a flood of red ink is unfortunately drowning others, the City continues to sit high enough on those reserves to maintain its breathe while hoping for the rain clouds to go away. In fact, barring any further downturn, the City can expect to weather the storm for at least another fiscal year, and maybe one or two more. Certainly, by then, help will be on the way. But what if it is not? The latter question is what City leaders must wrestle with today, for if one waits too long to ask the tough questions and make the difficult choices, all can be lost.

As the City approaches FY'05, it does so in reasonably good position, which cannot be said for all others. In reviewing the harsh realities of finances in FY'04, credit rating analysts were impressed that the City not only had a plan to balance budgets in FY'04 and FY'05, but also one for FY'06. To quote one analyst: "Few are focused on FY'05 and nobody on FY'06," but no one else is Chelsea and perhaps none else is more determined to ensure that history, meaning Receivership, does not repeat itself. So, while the City can take comfort in the knowledge that its financial preparedness and managerial navigation have it seemingly in a good place, City's leaders cannot sit idly by and hope for the best. No, instead it is owed to residents and taxpayers that even further steps be taken to protect the City in the case that the recovery is weak and the pain of that which the City has little control over is protracted.

Now in and of itself, the pronouncement of little control may seem to some to be a cop-out. After all, the argument could proceed, the City does raise taxes and should be able to cut budgets to live within its means. Perhaps, but the realities of today's complex municipal financing and administration mean that simplistic answers provide no solution. Revenues raised through local property taxes, for example, only account for 25% of annual City spending. The City receives more than half of its revenues from an entity that is hemorrhaging, the State, and is restricted by State law, in this case as a result of Proposition 2½, from raising those taxes it controls. Those realities have created a crisis in revenues. Compounding matters are that the fastest rising spending accounts, health care, retirement and wage costs, are set by union contracts and or State law. Attempts to reduce those accounts through employee reductions have managed to stem some increases. However, employee and retiree costs, also the bane of many private employers in similar predicaments, cry out for State and Federal solutions which have been long in need but short in response.

Nonetheless, the City should and will continue to take responsible actions within its own controls to raise revenues, cut expenses and, most importantly, balance budgets for as long as it takes for the recovery to take full hold. To do so, though, remains a greater challenge each and every time the exercise is undertaken. While arguably a Proposition 2 ½ override should be in order, the political will to do so does not seem to exist at this point. Therefore, revenue growth is most likely to come from further economic development, which, while still promising, is also negatively impacted by recessionary times. On the short-term, candidly, revenue growth is unlikely to provide much, if any, salvation. Regarding expenditures, cutting

began in earnest almost thirteen years ago, when the City did fall into Receivership. Some cite an expanding budget, especially in the mid- to late-nineties, as evidence to the contrary. However, those increases were caused by huge State educational aid injections, both for the construction of new schools and under the State's Educational Reform Act. Spending for general government, defined as non-school municipal operations, has instead seen modest increases, driven again by exploding health care and other employee benefits, casualty insurance charges and State assessments. Factor out those exploding costs as well as those expenditures paid by grants and what is left behind is an eroding base from which there is little left to cut.

Notwithstanding the above discussion, all else is healthy in a city that seems to be enjoying more and more success. Certainly there are trials and tribulations along the way. Such is only natural, especially in a community as diverse as Chelsea. For sure, there are differences of opinions, the likes of which can and do happen when reasonable and rational people look at the same set of facts and draw different opinions based upon perspective or belief. What is clear in today's Chelsea is that individuals, as the old saying goes, "can disagree, without being disagreeable." On more than one occasion, on issues that have proven to be explosive in other communities, community leaders have worked through the problems at hand and have avoided dividing the community. This is possible because all the city's stakeholders are seemingly keeping in touch with the practice of collaboration and process of thoughtful understanding that together have become the basis for critical decision making to be undertaken for the benefit of one and all.

At City Hall, the City Council and City Administration attempt to lead by example. Collaboration is an important concept to City leaders, as is understanding all the perspectives brought to the table by well-meaning individuals. That formula has produced success and with that success has been additional opportunities to utilize that very same formula for further gain. As a result, organizations and initiatives throughout the city are meeting their desired consequences, and a sturdy foundation now has many layers of enhancements built upon it.

A consistency of approach has been among the several keys that have produced routine achievement and a collective sense that no obstacle is too large to overcome. The basis for that consistency of approach has been a strict adherence to the "Fundamentals," broad statements about the manner in which and philosophy of how the City operates. The Fundamentals have been a central part of the City's every thought, and, as such, have helped to define the new City government that is still relatively young, now at nine years under a new City Charter.

Relatively speaking, the easy years are in the past, at least for the foreseeable future. The City's embrace of the Fundamentals has helped the City to establish a new identity and prepared the entire community for confronting the challenges ahead. Notwithstanding all of the unbridled success that has been enjoyed, though, the City, in these times of declining State aid and increasing non-discretionary costs, shall either overcome these greater obstacles and be propelled to a greater plateau or be overwhelmed and lose precious ground to forces, both

controllable and beyond direct influence, that could plunge the City and the community into the depths most have hoped have forever been left behind.

Through the outstanding political leadership of its City Council, focused energy of its professional management, and unwavering dedication of its cadre of employees and volunteers, the City has embraced and will continue to remain loyal to the Fundamentals, which include:

- Financial – steadily improving the City’s financial condition through balancing budgets and advancing responsible reserve policies that strengthen local government’s flexibility to act on pressing needs while protecting against economic downturns that could threaten municipal service delivery and the viability of City government;
- Economic Development – further supporting the City through an aggressive agenda that seeks to attract new revenues in a variety of forms, including property tax, auto excise tax, hotel/motel tax and building fees, while simultaneously increasing employment opportunities for local residents and emphasizing the conversion of the City’s older, heavy industrial base into higher and better uses that broaden the sectors of the economy doing business in the city and lead to an overall improvement of the image of the city, both internally and externally;
- Neighborhood Enhancement – continually producing improvements in each and every neighborhood of the city by updating infrastructure through a functioning Capital Improvement Program, cleaning streets, rehabbing the housing stock, enhancing open space, eliminating blight and tackling and resolving long-standing problems, including residential and industrial conflicts, that have persisted throughout the city, in some cases, for decades;
- Community Development – fully encouraging partnerships between City government and its stakeholders in Chelsea’s success, including other governmental entities, the business community, non-profit leaders, neighborhood groups and individual residents, in order to support a broad array of programs and initiatives that may or may not be City-run, but are all supportive of the City’s desire to promote the advancement of its families and individual residents over a broad range of human needs, including, but not limited to, affordable housing, health care, education and job training;
- Public Safety – constantly improving upon the protection of the public and its property by initiating policy and providing the necessary resources, be it training, manning or equipment, to effectively carry-out the missions of the City’s law enforcement, fire and emergency management agencies, and
- Governmental Philosophy – becoming a more open, responsive and responsible municipal government that not only hears the needs of its people, but develops and initiates efforts designed to address those needs in a honest, fair, equitable, accountable and cost-efficient manner, while never sacrificing good government for the benefit of those whose goals run counter to that of a “pro-Chelsea” agenda.

The challenge of managing local aid fluctuations and health insurance escalations may be beyond local control, but the manner in which government conducts itself is a direct result of the priorities to which local leaders ascribe. The consistency of approach and commonality

of interests that have been produced by an adherence to the Fundamentals has been reflective of local leadership and therefore a central ingredient in the City's recipe for success. That leadership has been found in nearly every quarter: elected and appointed officials, business leaders, community advocates, neighborhood champions and individual residents. Concurrently, so too has been the success.

The following report on the issues confronting the community and achievements that have been collectively produced and enjoyed are a product of the "Chelsea-way" of conducting municipal and community affairs. In keeping in touch with the Fundamentals and the goals which responsible leaders can then produce, the City has and will continue to meet and exceed its every lofty expectation.

FUNDAMENTALS – FINANCIAL

2003 Highlights

- Maintained bond ratings of "A-" from Standard & Poor's and "Baa1" from Moody's;
- Earned a sixth consecutive Distinguished Budget Award and a fifth consecutive Financial Reporting Achievement Award;
- Completed all Charter-mandated budgetary and financial matters in a comprehensive and timely fashion;
- Balanced the FY'03 Budget, the eighth straight balanced budget, and ended FY'03 with \$7.4 million in Free Cash;
- Received an audit report that, for the fifth time in a row, finds no material weaknesses in the City's financial management processes;
- Eliminated a projected \$6.4 million deficit and adopted a FY'04 Budget without the need for a Proposition 2 ½ override to raise additional taxes;
- Maintained a focus on the three-year, FY'03 - FY'05, budget strategy to identify necessary spending reductions, revenue increases and management of reserve funds to promote continued balanced budgets through FY'05;
- Completed financing of the CIP and Chelsea High School addition, realizing a net premium of \$700,000 and a refunding of existing school construction debt creating a 5-year savings of \$500,000;
- Secured initial agreement on the payback of more than \$725,000 in back taxes and interest owed by the previous owner of the current Pillsbury property, also securing a possible expansion of the Pillsbury operation and a concurrent increase in employment at the Williams Street facility, and
- Undertook consultant-driven commercial/industrial revaluations and in-house residential revaluations to balance the local property tax burden, thereby saving residential taxpayers, especially owner-occupants, hundreds of dollars on their FY'04 property tax bills.

Discussion

FY'04, as the previous two fiscal years before it, has been greatly impacted by the forces of the regional and national economy that are far beyond the City's control, yet seemingly have

control over the City's ability to meet the needs and expectations of local residents and taxpayers. On Beacon Hill, most notably, where State budget leaders have grappled with record deficits during a multi-year recession, fiscal realities have caused drastic reductions in State local aid, the lifeblood of municipalities and, in many cases, the largest single source of funding for operations on the local level. Unprecedented moves to eliminate budget deficits at the State House have caused historic reductions in the two most significant sources of local aid, Lottery Aid and Additional Assistance, that fund non-school municipal services. The fallout could be devastating for those who were not prepared nor equipped to handle the multiple challenges of the changing municipal finance realities.

For years, the City Council and City Administration have been carefully planning and operating to prosper in the best and survive in the worst of times. During some very good years, the City did prosper: an "All-America City" designation; the city's first ever major hotel, the Chelsea Wyndham; the Jordan Boys & Girls Clubhouse, and on and on the list could go. As significant as each of those accomplishments has been for the City and its residents, equally as important has been the fiscal philosophy that limited spending in favor of building reserves during those good years. Today, as preparations are underway to close FY'04 and begin the actual budgeting for FY'05, it is those reserves, along with continuing prudent management, which provides the City with the best promise of surviving more difficult budgetary years.

Despite the fiscal challenges that are present, there is no denying the value of that prudent management. The City has maintained bond ratings of "A-" from Standard & Poor's and "Baa1" from Moody's; a reflection of the City's preparation for and navigation through the financial storms of the era. A sixth consecutive Distinguished Budget Award and fifth consecutive Financial Reporting Achievement Award were presented to the City by the Government Finance Officers Association. All Charter-mandated budgetary and financial requirements were complied with in a comprehensive and timely fashion. Doing so, along with maintaining the discipline dictated by following the Financial Fundamentals, allowed the City to end FY'03 with its eighth straight balanced budget. \$7.4 million has been certified as the Budgetary Fund Balance, commonly referred to as Free Cash, placing the City slightly ahead of the position sought in both the three-year budget strategy and five-year financial forecast. The audit report crafted by an independent audit firm hired by the City Council finds no material weaknesses and offers minor recommendations for changes in the City's financial management processes. Such has been the case in each of the last five CAFR reports.

MANAGING '04

The \$111.4 million, FY'04 Budget can best be described as a survival plan. While there is little else to celebrate, core municipal services have been adequately funded. The latter is important to stress. Because of actions collectively taken in the past to protect the City's future, core municipal services, while trimmed yet again to produce a balanced budget, can and are being provided. This, despite a 23% reduction in local aid supporting general government since FY'01 and a weak economy that has slowed new revenues to a trickle.

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Unfortunately, still darker days may loom ahead. While recent State receipts are up, some, if not most, economists believe that the recovery is less than robust. State budget writers still project a deficit for the State's FY'05 spending plan, and thus have suggested that local aid will be level-funded, at best, for FY'05. Although the erosion of local aid revenues may have ended, the ground lost to that erosion and the devastation caused the budget by rising costs in areas like health insurance continue to be of paramount concern to the City. Yet despite those concerns and the potential long-term impacts of the recent economic slide, the City is positioned to end the current (FY'04) and upcoming (FY'05) fiscal years with balanced budgets and modest surpluses. Given today's municipal finance realities and the turmoil being experienced in many other communities, such a pronouncement is a significantly positive statement and another testament to the good work almost a decade's worth of City leaders have performed.

A LOOK BACK

Through careful and conservative financial planning, the City first detected signs of weakness in the local economy as early as FY'01. The then looming recession was anticipated and the necessary actions to prepare for what was likely to be several years of a difficult municipal budgeting began in earnest. After modest mid-year adjustments were made, the FY'02 Budget ended and generated a surplus yet again. The City adopted a "zero-growth" strategy for the FY'03 Budget, relying on the careful and well-timed use of reserve funds to cover shortfalls not accounted for by personnel and general spending cuts. Relating to those position cuts, and again understanding that the base cost of municipal government must remain in check in the face of difficult fiscal times ahead, the City impacted 19 positions, laying off eight, eliminating eight vacant positions, and reducing stipends for three board positions. With the adoption of the FY'03 Budget, the City continued to position itself to outlast a struggling economy.

To further ensure long-lasting fiscal stability, part of the planning for the future emphasized the formulation of a three-year budget strategy that identified the broad range of necessary spending reductions, revenue increases and management of reserve funds for the period of FY'03-FY'05. As a result, the City anticipated no break in its string of balanced budgets, judicious use of its reserve funds and uninterrupted delivery of core municipal services.

The City dedicated considerable effort to defining budgetary issues for FY'03- FY'05, seeking a complete understanding of the causes and severity of projected structural deficits. The goal was to develop a responsible plan to allow the City to maintain and, where necessary and possible, expand programming. Included in this consideration was:

- managing projected reductions in local aid and other sources of revenues so as to limit or avoid an impact on core municipal services and programs of critical concern;
- controlling costs in "non-discretionary" spending areas, including existing employee and other contracts, health and other insurance premiums, debt service and assessments;
- constraining "discretionary" spending by identifying, reviewing and prioritizing areas of need, and

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- seeking increases in new revenue sources to offset budget shortfalls, being cognizant of revenue raising capabilities and constraints, as well as being sensitive to the impact of revenue raising initiatives on taxpayers.

After exhausting the above, the City has utilized reserve funds to cover budget gaps. Unfortunately, what was hoped to be a two- or three-year problem, at best, is now lingering into a fourth-year. Compounding the problems created by the duration of the economic retreat has been the depth of the yearly cuts necessary to balanced budgets. The most recent recession was thus longer and more severe than typical, and will therefore take an even longer time for municipalities to fully recover. Some might even argue that the scars left behind by the necessary cuts might permanently change the look of municipal services. At best, recovering from the trauma will remain a challenge for several more years to come.

FY'04 - THE REALITIES OF BUDGETING IN BAD TIMES

The \$111.4 million budget represented an increase of 0.8% over the FY'03 appropriation. Included within the request was \$10.7 million for the Water & Sewer Enterprise Funds, which in turn was supported by revenues derived from ratepayers. Special Revenues, generated from grants and other types of revolving funds, account for another \$2.3 million. The remaining \$98.4 million budget, typically referred to as the "General Fund Budget," was up 1.3% over FY'03 levels. The General Fund Budget provides for municipal services, such as Police, Fire and Schools, as well as the financing of projects such as school construction, roadway enhancements and park rehabilitation.

In the past, several critical areas that threatened the financial stability of the City have been identified, including:

- rising employee costs relating to salaries, health insurance premiums and pensions;
- overtime;
- assessments;
- service contracts, and
- the leveling or reduction of local aid and interest income.

Candidly, the City has had varying levels of success in addressing these areas. In particular, the lack of control the City has over local aid and assessments, and the limited controls the City has over health insurance and pension costs have combined to push the budget into a structural deficit. Adding to those concerns is the industry-wide increases in casualty insurance costs in this post-9/11 environment. While frustrating in that projected deficits are not of the City's doing, the reality of the day has been that the City must continue to take swift and firm actions to maintain control of the budget.

Despite rising salaries relating to collective bargaining agreements and contractual increases in privatized services such as trash pick-up, the City's operational budget, minus Employee Benefits, Insurance and Assessments, was down 4.2%. In holding the line on budget costs, the City has advanced carefully crafted efforts to address salaries, overtime and debt service,

among other initiatives to reduce line items. However, despite those best efforts, Employee Benefits (Health Insurance and Retirement) was up 13.1% (\$1,739,951), Insurance was up 30.9% (\$107,860) and Assessments was up 8.1% (\$224,658). Increases in those categories, which added \$2.1 million to the budget, have been skyrocketing for almost every entity, both public and private. Adding further concern has been the cut in local aid supporting non-School costs, which was reduced by \$1.4 million, or 15%, for FY'04.

For perspective, the City's Five-Year Financial Forecast estimated a FY'04 Budget deficit of \$6.4 million. Two-thirds of that deficit was made up of higher costs in Employee Benefits, Insurance and Assessments and lower revenues from local aid. Absent those higher costs and lower revenues, the remaining \$2.1 million deficit could have easily been closed without the need for additional layoffs and increased fees.

FY'04 - ATTACKING A PROJECTED DEFICIT

Notwithstanding the above exercise, the City has eliminated the \$6.4 million projected deficit for FY'04 by attacking the problem in three, roughly equal manners: reducing costs, increasing revenues and utilizing Free Cash. Each option comes at a great cost, though, as layoffs, fee increases and a reduction in the City's Free Cash are all undesirable yet necessary outcomes in that survival budget. The City has also extended the FY'03 deficit reduction plan to freeze hiring, eliminate out of state travel and tuition reimbursements, scrutinize all expenditures over \$500, reduce "Pay-As-You-Go" appropriations, and limit the issuance of new debt.

Twenty-five and one-half (25.5) more positions were eliminated in the FY'04 Budget, with additional cuts in nearly every account producing approximately \$1.9 million in annualized savings. Those reductions, combined with the elimination of 16 positions and salary reductions impacting 3 more in FY'03, mean that the City shed 41.5 positions in two years, a reduction of 12% of the workforce. Adequate, but not desirable, staffing levels exist in every department. Service delivery has been impacted, even though the remaining City staff has rededicated themselves to higher levels of service standards. Important positions have been lost, including a department head level in the Health Department and multiple Police and Fire personnel, not due to the fault of the position holders, but instead because of the difficult, yet objective, prioritization of every position within the organization.

Although the Administration sought to reestablish an owner-occupant trash fee that was eliminated during the boom years, Council adopted budget cuts in excess of the revenues the fee would have generated. While that action eliminated the reestablishment of the trash fee and preserved a balanced budget, other fees and charges for many services were increased as part of the City's revenue raising strategy. The City's efforts to renegotiate new mitigation fees, generate additional non-property tax revenues and utilize the proceeds of land sales in the Urban Renewal District to pay off Urban Renewal bonds combined to produce the \$2.1 million projected from revenue generation activities.

The City's long-term perspective dictates that Free Cash not be expended entirely in any one year, but instead relied upon as part of a multi-year strategy to outlast the recession. The \$2.6

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million appropriated from Free Cash to balance FY'04 included \$100,000 to fund a voluntary retirement incentive. Free Cash and Stabilization Funds still exist to close a projected deficit in FY'05 of \$4 million or more. As the balances of those accounts dwindle, though, the flexibility and viability of the City, absent additional revenues, becomes less certain.

The preceding statement must be raised and debated. In fact, City government has prided itself on being conservative and honest in its approach to budgeting, and aggressive and practical in addressing issues that others may wish to avoid. The cold reality of the present economic climate is that most, if not all, will suffer, with few perhaps not surviving the severe impacts of these tough municipal finance times. The City, as evidenced by the manner in which it has attacked the projected FY'04 deficit, cannot avoid the pain exerted by escalating costs and diminishing revenues. However, to remain out of Receivership, an ultimate goal of each and every public servant dedicated to the advancement of the City and its residents, it will be new revenues, not further cuts, that hold the balance of the City's future.

FY'05 – A PEEK AHEAD

The last passage reflects the most pessimistic view of the City's future in a bad economy. What the City's good work in expanding fund balances during boom years has done, though, is provide the City with the necessary cushion to outlast everything but cataclysmic economic cycles. With a necessary eye on the long-term, the City's fiscal policy remains fixated on promoting short-term initiatives that remain consistent with the City's three-year budget perspective, covering FY'03-FY'05.

However, during calendar year 2005, should the economy's malaise linger, the City's ability to generate and rely upon new revenues should and will be the most pressing public policy issue facing City leaders. In a discussion about new revenues, those most germane to the debate could include any one or a combination of the following: increased local aid, new growth generated by economic development activity, or a Proposition 2 ½ override. The City can exert no influence on local aid. But, even in a bad economy, the City remains active and upbeat regarding future economic development possibilities. It is unrealistic, though, to believe that new growth alone will provide the revenues necessary to restore a FY'05 or FY'06 Budget battered by years of recession. As difficult as the option may be, should the economy not turn around and the combination of local aid and new growth continue to suffer, a Proposition 2 ½ override will need to be seriously considered in order to avoid the financial collapse of the City yet again. That being noted, the City continues to work towards the avoidance of such a need, and has crafted a three-year budget strategy that does not rely on a Proposition 2 ½ override to fund necessary core services.

At the same time the City wrestles with the dilemma of the near impossible feat of raising new revenues, the equally as daunting challenge of cutting from that which has already been slashed, over and over again, will be undertaken. What may be necessary, and what will be examined over the next 12 months, is a restructuring of government, the likes of which may have never been seen before. Again, if an override is not possible and the combination of new growth and recovering local aid is not sufficient to allow revenue increases to solve the local budget dilemma, then traditional service delivery will undoubtedly need to change.

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ADDRESSING THE DEFICIT LIKE A BUSINESS

The City has already outsourced, or privatized, numerous operations. Perhaps other such opportunities need to be examined or, maybe worse yet, services once offered need to be reduced or totally eliminated. The root of the spending issues facing the City relate almost entirely on one area: employee costs. Prior to delving into this issue further, it is most appropriate to stress that such is not the cause of the employees themselves. No, instead it should be noted that the City is very fortunate to have so many hard working and dedicated employees raising the level of services for those in need. The realities about employee costs are predominantly two fold: exploding health insurance costs have not been controlled by State or Federal policy and the bill for the City's historic under-funding of its retirement system, dating back decades before Receivership, may finally be due.

Many businesses confronted with similar personnel-related costs seek solutions in a variety of manners. Some join health care alliances to gain larger experience pools and therefore better rates. The City has already done so by joining Boston's health insurance plan, sacrificing local control for savings produced by stronger bargaining power. Even then, while the City annually saves hundreds of thousands dollars, if not more, double-digit increases have still taken place. Businesses may next look to layoff employees or encourage early retirements to reduce their overall headcount. The City has already done so as the municipal headcount is at its lowest since the City emerged from Receivership in 1995. Unlike some others who added to their retirement burden by offering additional retirement benefits, the City instead took a much more responsible financial approach by offering early retirees one-time cash payments made possible by the flexibility found in having Free Cash. The result was an avoidance of a deeper retirement burden and an elimination of unemployment contributions that would have otherwise been necessary. Still others might institute a hiring freeze, which the City has done. More than a dozen positions have not been back-filled, with the reduction in headcount included in the figures above. Another private sector model would be the outsourcing of positions. The City has already done so, outsourcing water & sewer services, trash collection, ticket writing and City Hall janitorial services, among several other areas. Companies institute bonus reductions, of which the City has none, and pay freezes, for which the City has instituted for all employees not covered by collective bargaining. For those bargaining units with contracts up for negotiation, the City has not offered any new wage concessions.

Left to consider, therefore, is further outsourcing and a concurrent reduction and/or elimination of services, both of which could result in a further shrinking of the City's workforce. Another possible initiative could include greater regionalization of services or programming, in the same fashion that the City relies upon Boston for health insurance coverage. All of that and more will need to be on the table for implementation if the structural deficit the City faces cannot be closed in other fashions.

Also, like the private sector, the City has again looked to cash management for savings. In 2003, for example, the City completed financing the Capital Improvement Plan and CHS addition, realizing a net premium of \$700,000. Additionally, a bond refunding of school

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construction debt created a 5-year saving on debt service of \$500,000. Business also looks at receivables, and so did the City again in 2003. The largest back tax account on the City's books, one created by the previous owner of the now Pillsbury property, has been targeted by the City for resolution. Negotiations began in earnest months ago on the arrearage of \$725,000, with the tentative results being a plan that will actually result in payment being received and additional investment being attracted to the facility. In 2004, a plan will be similarly developed for the top five accounts owed. However, the City's tax delinquencies have steadily dropped as more professional management of accounts has increased. Therefore, other than the Pillsbury property payoff, there is no other large payment out there for the City to be excited about.

FREE CASH CANNOT DO IT ALONE

Although ample Free Cash is available to fill the FY'05 projected deficit, that practice does not address the structural deficit that exists. In addition to the aforementioned reductions in local aid and increases in employee related benefits, a further contribution to the structural deficit is the delayed reimbursement from the State for the construction of the Chelsea High School addition. When the project was contemplated and eventually authorized, State reimbursement was projected to begin in FY'05. However, again attributable to the fiscal woes of the State, it does not appear that payments will so begin. In fact, it is not clear when reimbursements will be received by the City and to what extent, if any, the City may be reimbursed for the extra carrying costs associated with the City assuming more debt service than had been planned. Given the uncertainty regarding school reimbursements and local aid, and not seeing any relief in sight regarding spiraling health insurance costs, the City does believe it necessary to narrow the structural deficit gap, and then rely on Free Cash to bring the FY'05 Budget into balance.

ASSESSING THE IMPACTS ON HOMEOWNERS AND BUSINESSES

Mindful of the impacts that property valuation shifts have on the process of determining tax rates for the residential and commercial/industrial classifications, the City spent considerable time in 2003 on balancing the "tax burden" for homeowners and businesses. Consultants completed a thorough revaluation of commercial/industrial properties, including personal property, while the City's Assessing Department undertook an in-house revaluation of residential properties. The result of these efforts was to capture more commercial/industrial value, thereby holding down the rate of increase residential properties have experienced in FY'04.

However, the reality of market conditions, especially in communities that are attractive to residential investment, like Chelsea, is that residential prices continue to rise at a pace much greater than commercial/industrial. The City Council, to maintain the traditional share of tax burden, again adopted the maximum commercial/industrial shift allowed by State law. Additionally, as is traditionally done, a residential exemption benefiting owner-occupants was also adopted. The result of the two actions was to reduce the property tax bills of owner-occupants by several hundred dollars in FY'04.

Unfortunately, for residential owners, even with the City Council action, residential taxpayers have been paying a greater share of the tax burden. To give the City Council redress options, the City advocated for and was successful in collaboration with a number of communities in securing State approval of a new tax law that allows for the commercial/industrial shift to expand, albeit temporarily. During 2004, the City Administration and City Council will now look at the State-authorized possibilities and the local experience to decide how much, if any at all, residential tax responsibilities should be shifted to business. Any decision to increase the shift will be adopted for FY'05 tax bills.

Additionally, the City Council has asked for approval of a home-rule petition that would further encourage local owner-occupancy by increasing the residential exemption from 20% to 30%. The impact of such a move would be to shift the tax burden within the residential category from owner-occupants to large apartment buildings. Arguably, those large apartment buildings are a business, although tax law prevents them from being assessed the higher, commercial/industrial tax rate. However, as owner-occupants, especially the elderly and others on fixed-incomes, struggle with the realities of being home rich and cash poor, relieving a greater portion of the local tax burden helps to make owning and living in a home in Chelsea more affordable. The latter is certainly a goal of the City. The City will therefore advocate for the adoption of the home-rule petition at the State House.

ADDITIONAL PRIORITIES

In addition to balancing budgets, and certainly relating to the challenges in doing so, the City remains focused on several additional priorities.

The annual Capital Improvement Plan cannot become a victim of difficult municipal budgeting. Surely, management can and will make adjustments to the CIP in order to not overly burden the City's operational budget or create a debt-burden that becomes troublesome down the road. Equally as important, though, are the impacts infrastructure improvements have on neighborhood investment and economic development and the efficiencies in municipal operation that can be produced by investing in new equipment and technology. Of course, all of the above ultimately impacts the City's bottom line. Striking a balance between the need for and the cost of projects will be a continuing focus of the City into 2004.

The need to manage labor costs has been referenced in the above discussion and rightly so. The structural deficit that exists demands the top priority of those who receive services, namely the general public, as well as those who provide those services, including employees. In terms of employees, direct and indirect costs in the forms of wages and benefits are contributing to the widening of the structural deficit. Again, the blame does not lay with employees themselves, but the structure of compensation, particularly costs relating to health insurance, are stark realities the City must continue to focus upon. The notion is very simple, eroding revenues leave less money for expanding expenditures.

Two bargaining units remain without new labor agreements, although it appears that a new pact with the E911 operators requires only routine approvals to become effective. Thus, the City hopes to come to agreement with its patrolmen, a dedicated group of professionals whose

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contributions have the entire community's respect and admiration. Likewise, talks on the soon to expire contract for middle-managers is also a priority. It is the City's most sincere desire to reward its most valuable assets, City employees, with new contracts. Unfortunately, the stress in today's budget and those projected for the next two years severely constrict the City's ability to add to the structural deficits by making greater wage concessions. However, and despite those negative budgetary projections, the City believes that mutually acceptable agreements can and should be reached. Additionally, the City believes that labor need be a partner at the table as difficult budgetary questions are being debated. This is especially critical, because, as reflected in the previous discussion about headcount, the results of continuing deficits can be the elimination of additional jobs or other supports that aid the City's employees to be among the best in the region.

TOGETHER WE MEET THE CHALLENGES

From a budgeting perspective, and especially in light of the previous discussion, more resources are always better than less. However, in good times or in bad, commitment to a process, honesty regarding all the issues, cooperation amongst leaders, and vision with a view to both the short- and long-terms are the component parts that truly define a rich community. Those desired attributes have been institutionalized locally and continue to provide both tangible and intangible benefits. That the City remains viable in the toughest of economic times is because of the advocacy for and dedication to the solid management and financial principles that have won the praise of municipal experts and other interested parties. That commitment will continue to be tested, however the promise of continuing cooperation with a joint sense of purpose provides local optimism that crises can be averted and further rejuvenation of a burgeoning community can and will take place.

2004 Goals

- Close out the FY'04 Budget in balance, providing for the ninth-straight balanced budget, and generate sufficient Free Cash levels to be consistent with the three-year budget plan the City is following for FY'03-FY'05;
- Develop and secure adoption of a balanced budget for FY'05, closing a projected \$4 million deficit through a combination of spending reductions, revenue enhancements and Free Cash appropriations;
- Begin discussions in 2004 about the potential restructuring of government for possible implementation as early as 2005;
- Craft and implement a tax collection plan targeting the top five tax delinquents;
- Undertake a review of the new State law that authorizes an increase in the commercial/industrial tax shift from 175% to 200% for potential implementation in FY'05, and advocate for adoption of a home-rule petition before the State Legislature to increase the residential exemption on property taxes for owner-occupants from 20% to 30%;
- Develop a Capital Improvement Plan that provides for the infrastructure needs for the community while remaining affordable in light of the pressures on the City's budget, and
- Come to agreement with labor unions regarding new contracts.

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FUNDAMENTALS - ECONOMIC DEVELOPMENT

2003 Highlights

- Completed the \$3 million sale of the Emerald Block in the Everett Avenue Urban Renewal District (EAURD) to ACS Development and collaborated with ACS to market the property for office and biotech development;
- Awarded tentative development rights to a partnership including Choice Hotels for the redevelopment of the EAURD's Chelsea Gateway into the city's second major hotel;
- Oversaw the opening of Alkermes, Inc., the City's first major biotech company, thereby completing activity to gain an occupancy for the largest vacant building that existed in the EAURD;
- Struck a verbal agreement to foster a master plan redevelopment of the former auto salvage/junk yards in the EAURD;
- Facilitated Corinthian College's occupancy of 70 Everett Avenue by securing the necessary zoning approvals;
- Advanced development dialogue between the City and the redeveloper for potential 2004 implementation of a master redevelopment plan at Parkway Plaza;
- Solicited and received responses for a survey of business owners along the city's waterfront and partnered with the City of Revere to apply for additional planning funds to examine joint land-use opportunities along Chelsea Creek;
- Completed pre-development activities that led to a groundbreaking for the On-Time Mailing facility on Crescent Avenue;
- Secured adoption of TIRE Program business support proposals for Cataldo Ambulance, New England Sculpture Services and Atlas Bedding;
- Hosted a small business workshop offered by UMASS Boston and facilitated additional small business supports through Salem State College;
- Advanced major residential projects, including the ongoing redevelopment of the former EMTEX building into the Spencer Lofts, the final permitting of the second phase of the Mill Creek Condominiums and continued permitting of Admirals Commons, and
- Provided necessary supports for mid-size residential conversion projects, leading to the completion of the Executive Office Building and Revere Restaurant Supply projects in the Downtown.

Discussion

Given reductions in local aid and a cap on the ability of municipalities to raise property taxes, economic development may be the City's best opportunity to grow revenues to balance budgets and maintain local services. Fortunately, with a hearty and well-earned reputation as a "pro-development" community and a solid track record of supporting business expansions large and small, the need for further economic development to expand the local tax base could be matched by another year of solid success. Despite a general economic slowdown during recessionary times, the City continues to enjoy interest from investors and results on its development agenda.

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The City's economic development agenda has been advanced by an adherence to the Economic Development Fundamental. By prioritizing the conversion of the City's older, heavy industrial base into higher and better uses, the transformation of the city's landscape, expansion of jobs and, yes, the strengthening of the local tax base has resulted. The achievement of these desired goals has largely been driven by a supportive municipal government infrastructure and the three primary tools at the disposal of the City's development agents: the Anchor Projects Program, the Sector Strategy and the TIRE (Tax Incentive for the Retention and Expansion of Business) Program.

ANCHORING THE PROGRESS

The cornerstone of the City's development initiatives has been efforts directed under the Anchor Projects Program. That program has allowed the City to encourage and, where necessary, initiate the conversion of underdeveloped or underperforming commercial/industrial properties into higher and better uses. Three main areas of focus have been established: the Everett Avenue Urban Renewal District, which has been launched with great success; Parkway Plaza, where a master-planned development may be only months away in the offering, and the Chelsea Waterfront District, which has been positioned for extensive redevelopment near and into the future. The success that has already been produced in these areas has spurred the promise of further development, despite the presence of difficult development hurdles.

ANCHOR PROJECTS – EVERETT AVENUE URBAN RENEWAL DISTRICT

The Everett Avenue Urban Renewal District (EAURD) continues to enjoy great interest and substantial investment. The Phase I development of the Wyndham Hotel in 2001 has been a success under almost every objective criteria. Most notably, the Wyndham is producing approximately \$450,000 a year in revenues, which is about ten times the revenue generated by the several uses that occupied the property prior to the establishment of the EAURD in 1997. Despite prevailing market conditions that are less than favorable, the Phase II sale of the Emerald Block and the Phase III award of tentative development rights of Chelsea Gateway prove that the EAURD commands the attention of the development community in bad economic times as well as good.

The anchor of the district is the Wyndham Hotel. The Wyndham continues to perform well in its market niche, serving both Logan Airport and Downtown Boston, while also providing a lodging resource for the North Shore. City development officials carefully planned its development and the expectation that those officials had of the Wyndham's strong presence as a development centerpiece has been realized. In fact, not only has the structure helped to define a new skyline for the city, many a meeting on future development initiatives between City officials and potential investors take place in the Wyndham's well-appointed facility.

Skipping ahead to the Phase III award of tentative development rights to Chelsea Gateway, the City, through the Economic Development Board, has selected an exciting proposal for the

redevelopment of the land adjacent to the Wyndham. Choice Hotels, an international hotel leader with more than 250,000 rooms worldwide, has been selected by the Board and is currently in a due diligence phase to further investigate the potential development of the city's second major hotel. A decision to move forward on that project could come as early as April. Should the project proceed, the City would seek to ensure that the new hotel complements, not competes with, the Wyndham. Additionally, the City would seek to promote a "hospitality cluster," further defining the area as a great place for hotel guests to visit.

Back to Phase II, the City completed the \$3 million sale of the Emerald Block to ACS Development this past November. That sale and the anticipated commitment of ACS to the project is expected to be the springboard for a major planning and marketing initiative by the city's largest office building developer. Office, biotech research & development or manufacturing, or a mixed-used development are the likely scenarios for the five-acre site that was once home to junk cars, old motors and janitorial supplies.

The City's philosophy in creating the EAURD in 1997 was to establish a 65-acre area of focus, make a strategic acquisition and then disposition of ten-acres to jumpstart the development, and promote private development within the remaining 55-acres. With the completion of the Phase I Wyndham, the sale of the Phase II Emerald Block and the tentative designation of the Phase III Choice Hotels, the public acquisition and jumpstarted development has been nothing short of a rousing success. So too has been the expectation that private development would follow in the remaining 55-acres.

This past fall, Alkermes opened a biopharmaceutical manufacturing center in the former BioMed building. When the City announced the formation of the EAURD in 1997, the BioMed building, at 100,000 s.f., was the largest vacant building in the district. Today, that building has been transformed, creating as much as twenty times the then value of the building or more, and, equally as important, the Alkermes presence gives the city a toehold in the promising biotech market. In fact, City officials have met with industry leaders to identify other opportunities to replicate the exciting Alkermes project. Just across the street from Alkermes, for example, is the Emerald Block, ready and available for a several hundred thousand square foot development.

The private investment in the EAURD began in earnest with the purchase of the BioMed building by its current owner and was more visibly apparent with the successful opening of the Stop & Shop in 2001. The latter transformed a mothballed lumberyard and led to the focus upon the general area by a number of investors. Four- of seven-acres of junk cars has subsequently been cleared, with the remaining three anticipated to be cleared shortly. The City is currently negotiating a Memorandum of Understanding (MOU) with one investor who has control of sizeable acreage on the Chelsea/Everett line, including those junk yards, for what could be a huge development that will surely be consistent with the City's vision as articulated through the EAURD plan.

Activity in the residential area of the EAURD has lagged behind the City-acquired parcels and the private investment in the remaining commercial area. This, despite intense interest in the

community from residential developers, as evidenced by no less than three major residential projects planned or underway. During the next six months, the City will take a fresh look at the hurdles that are apparently retarding the conversion of the substandard industrial operations into residential development more consistent with the adjoining residential neighborhood and the overall upgrade the City has sought for the EAURD.

What remains evident is that the EAURD is successful and holds out the promise for even greater development in the near future. With the City's goals of promoting a new face to its commercial core being realized, the EAURD also needs to be recognized for the impact it has had on attracting additional investments in the greater Everett Avenue area and throughout the entire community.

The former Murray Industrial Park Urban Renewal District, for example, which sits just outside of the EAURD, has been completely built out. Adopted in the early 1970's, several parcels encompassing almost 10-acres remained vacant until the City's latest economic development agenda was established in 1996. Most recently, in the last major development of the area, Harbour Executive Park's last phase of development, a 100,000 s.f. office building, secured a major tenant: Corinthian College. Corinthian, which will operate locally under the name of Bryman Institute, is a for-profit educational company that ranks among the fastest growing and most successful small businesses in the country. Bryman will open in the coming weeks to hundreds of students studying to receive diplomas in the growing health care industry, including medical assisting, massage therapy and pharmacy technology. In addition to the occupancy of more than 30,000 s.f., Bryman will heighten the city's profile in the region and introduce a much-desired nighttime presence to an Everett Avenue corridor that has ample nighttime capacity to fill. While Everett Avenue is an active commercial district during the daytime, City planners have sought to attract more activity to the streets, parking lots, retail shops and restaurants at night. Bryman will do that, thereby strengthening the importance of the Everett Avenue corridor.

ANCHOR PROJECTS – PARKWAY PLAZA

The City remains encouraged by the dialogue that has taken place over the past 12-months relative to the redevelopment of the Parkway Plaza. The 38-acre site sits atop a brownfield and has other subsurface challenges potentially inhibiting its redevelopment. Yet, for as complicated as the development program has been, important steps have been taken to revive and expand the retail activities that have taken place at the Plaza for over forty-years. The City has worked in earnest with a master redeveloper, and is currently pressing for a master plan for the redevelopment of the entire parcel. While the earliest phase of redevelopment will likely be retail, the City has not abandoned the long-held hope for mixed-use development and greater community access to the environmental resources surrounding the Plaza. Additionally, the City seeks a pedestrian-friendly redevelopment that also mitigates the potential traffic impacts a re-energized Plaza could bring back to the adjoining neighborhood.

Optimism remains high that Plaza redevelopment will begin in 2004 and again be contributing to the betterment of the community shortly thereafter. As suggested by its inclusion in the

Anchor Projects Program, the City will continue to focus much attention and many resources to the attainment of those goals.

ANCHOR PROJECTS – CHELSEA WATERFRONT DISTRICT

The Chelsea Waterfront District holds great promise for the City's future. Located just minutes from Downtown Boston and Logan Airport, and now even more accessible thanks to the opening of the Ted Williams Tunnel, just two miles away, and the progress being made on new Central Artery, the Waterfront could see great transformation in the next decade or two. As important as revenues and revitalization are to the City today, it is also critical that a longer view be identified and worked towards for a better tomorrow. The focus on the Waterfront District reflects such a longer view.

Several important projects have already taken place in the Waterfront District since the City began its intensive focus in 1996. Most notably and recently, the Massachusetts Water Resources Authority's corporate headquarters and maintenance facility is now fully complete and setting the direction and standard for future development in the area. With more than 500 employees working at the headquarters, the \$20 million, fully taxable project has begun the transformation from heavy trucking and bulk storage of oil, scraps and other products to a more inviting, accessible and upscale waterfront that meets the expectations of City planners and local residents. Additionally, a 77-unit condominium project, the second of three that was original envisioned at the Mill Creek Condominiums in the early 1980's, is set to begin full construction.

Despite the investment, the Waterfront District remains largely stuck in its past. Bulk storage and heavy trucking has left its marks on the waterfront, from contamination of land, to desolation, to dangerous roadways, to large portions of the waterfront being inaccessible. While more than a dozen former oil storage tanks have been razed, thereby opening up the potential for the waterfront to the entire community, the environmental impacts of such uses still remain a concern, more than a decade after those issues were discontinued. The remaining bulk uses dominate their parcels and generate little more than heavy truck traffic. None are open and inviting to the public, and all limit or completely remove any opportunity residents have to engage their waterfront. The barrage of heavy trucking along Eastern Avenue and Marginal Street is constant and dangerous. In fact, the near daily conflicts between neighborhood traffic and those trucks serving the regional, national and international economies result in many local residents avoiding the area altogether.

The City has begun the process of revisiting its priorities and policies relating to the Waterfront. A survey of Waterfront District businesses has been completed, with the results of the effort being compiled for analysis. The City wishes to examine the impacts that historic and current interim uses have had on local neighborhoods, the importance of revenues being generated at the sites on the local municipal budget and the scenarios under which historic and current interim uses may be permitted under a long-term redevelopment strategy. Additionally, the City has submitted a grant application with the City of Revere to explore future commercial and public maritime uses, and maritime compatible uses along the upper

reaches of the Chelsea Creek and its confluence with the Mill Creek. Both efforts are meant to build-upon previous City planning for the Waterfront, but both realize that the achievement of long-term goals for the Waterfront may take decades, if not generations, to achieve.

In the meantime, the City has discouraged a further degradation of the Waterfront through land use policy, encouraged private investment in areas of most promise, and fostered discussions about future planning initiatives. For example, the City has dedicated considerable energy to the redevelopment of Forbes Industrial Park, a 19-acre site at the end of Chelsea River and accessible off of Crescent Avenue. Because traffic to the site must pass the City's elementary school complex and a densely populated neighborhood, City leaders have encouraged a redevelopment plan for Forbes that prominently features a significant residential component. In order to promote the conversion of the property from storage that is dependent upon heavy trucking traveling by the identified sensitive receptors, the City is considering incentives to the master redeveloper of Forbes, which could include density bonuses and infrastructure assistance. The City is hopeful that a redeveloper that shares the City's view of the property and its current and potential future impacts on the adjoining neighborhood will gain control of the property, and that planning and the implementation of those plans could result in significant redevelopment activity at Forbes as early as this calendar year.

THE STRATEGY OF FOCUSING IN ON SECTORS

The second component of the City's overall economic development agenda is rooted in the theory that identifying those sectors of the economy that could benefit from the City's natural advantages in the marketplace would also benefit the City in terms of future tax base and employment growth. Through the Sector Strategy, the City placed special emphasis on attracting business in five important sectors of the economy: Food, Back Office, Health Care, Airport Related and Downtown Support.

The Food Sector continues to thrive and expand locally. At least three reasons exist for the City's inherent advantage in promoting the Food Sector, including: the local presence of the New England Produce Center, the East Coast's largest such facility; the availability of a ready workforce, and the City's central location to the regional transportation network. As a result, the City's largest employers are food-based companies, and many of those companies continue to grow. In fact, during 2003, the City has been engaged in conversations with Pillsbury and State Garden regarding the potential expansion of those two businesses locally.

The Back Office Sector provides alternatives to Boston, Cambridge and elsewhere for corporate and back-of-office operations. While this sector may be the most heavily impacted throughout the state by the recent recession, the City continues to see a level of activity that merits continued prioritization and focus. In 2003, ACS Development, the Chelsea-based real estate company and the city's largest office space owner, secured a major tenant to lease space in its newest office building, 70 Everett Avenue. The lease to Corinthian College was made possible by City efforts to amend local zoning to allow for an educational use to locate in that particular zoning district. ACS also purchased the Emerald Block within the Everett Avenue Urban Renewal District this past year. That five-acre site could be the next location for ACS

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to expand its office empire locally, or it may provide an opportunity for another biotechnology company that is consistent with the City's Health Care Sector focus to find its way to the city. Regarding that possibility, the long-anticipated opening of Alkermes, Inc., a biopharmaceutical manufacturer, and meetings the City and ACS have had with biotech and State development officials, may prove valuable in securing additional interest from other biotech companies for local projects. City officials, not unlike officials from other municipalities and states looking to promote economic development, believe that biotech will continue to be a significant driver of growth in the region. Because of the City's proximity to Cambridge, the epicenter of biotech activity, and the ease of local permitting for the complex activities that are incorporated in biotech uses, the city appears to be well-positioned to compete favorably for a share of the region's future growth.

Of course, the city's proximity to Logan Airport and Downtown Boston provides unique locational advantages from which the City seeks to expand in the Airport Related and Downtown Support Sectors. The success of the Wyndham Hotel and the promise of a second major hotel in the city at Chelsea Gateway further position the City as a convenient, quality and cost-sensitive alternative to Logan Airport and Downtown Boston. The study the City is conducting to support the Chelsea Waterfront District relates in large part to that area's proximity to Logan Airport and the reality that many airport related businesses cannot locate at the airport, yet need to be as close as possible. The City hopes to serve the region by supporting Logan business activities, but also needs to manage the growth and impacts of that growth on the local infrastructure network. To that end, the City and Massport have established a good working relationship; one which could be extended through current negotiations on a future development agreement between the two parties in 2004. Regarding additional Downtown Support activities, On-Time Mailing has broken ground on a new, 30,000 s.f. facility on Crescent Avenue. The City continues to work with On-Time and looks forward to a 2004 opening of the mail fulfillment center that is consistent with the City's focus on assisting companies that provide business supports for larger firms in Boston and the region, but need not or cannot afford to be in the Downtown themselves.

The City naturally focuses on other opportunities that are present for economic development but may be outside of the Sector Strategy. However, by specifically highlighting the above areas, working the same over and over again for the last eight years, and enjoying many successes in each of the targeted areas, the City has earned a solid reputation that facilitates further development in the priority areas.

THE TIRE PROGRAM KEEPS PROGRESS ROLLING ALONG

In addition to the comprehensive vision and inviting development environment that has been promoted by the Anchor Projects Program and the Sector Strategy, the third component of the City's economic development agenda, the TIRE Program, has also been critical to the success of the City's economic development goals. TIRE, the Tax Incentive for the Retention and Expansion of Business Program, is based upon the State's "Economic Development Incentive Program" (EDIP) that allows authorized municipalities to enter into state income and local property tax relief agreements with qualifying businesses. To qualify, businesses must be making a combination of investment and job creation within targeted areas of a participating

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community. The City has now adopted 25 such plans.

More than \$1 million in one-time revenues and a similar amount in annual taxes have been attracted to the City through TIRE Program projects. Equally as important, TIRE has helped to ensure that the City's revitalization objectives, as advanced by the Anchor Projects and Sector Strategy Programs, could be reached. As an additional benefit, other, more modest projects that promote historic preservation, blight eradication, façade improvements, brownfields cleanups, back tax recovery and artist supports have also been advanced through TIRE.

In 2003, the City adopted three TIRE Program projects. The Cataldo Ambulance Project promoted neighborhood revitalization by facilitating the conversions of a blighting, former auto repair center into a well-designed and landscaped ambulance dispatch hub. The acquisition of a former warehouse for used motors and parts into a statue manufacturing/artist workspace shop by New England Sculpture Services ensures that the building's reuse would not attract heavy trucking to the neighborhood that hosts the middle school and the commuter rail stop. The Atlas Bedding Project provided assistance for the local manufacturer to expand in the city's commercial core, while making it possible for the City to enjoy success in its continuing land-use efforts to resolve residential/industrial conflicts that have plagued neighborhoods for decades.

This upcoming year, the City has at least two priorities that can be realized through the assistance provided by the TIRE Program: the development of a hotel at Chelsea Gateway and the relocation of State Garden. These projects, like the 25 before them, are helping the City to attract investment, even in these difficult economy times, while promoting so many of the goals listed above. Certainly, the City's budget strength would be less formidable, job retention and expansion less successful and changing landscape so less appealing if not for TIRE. For those very reasons, the City remains appreciative of the support of the program and the city's overall development agenda by the combination of the Massachusetts Office of Business Development, Department of Housing & Community Development and Massachusetts Development Finance Agency.

SUPPORTING SMALL BUSINESS

Big business certainly expands the tax base, provides for employment growth and helps to change the face of the community. Small business, though, can do the same and remains a vital pillar upon which the entire community is built. In addition to individual counseling the City has provided to dozens of businesses during the past twelve months, more formal technical assistance for local small businesses has been made available through a partnership with Salem State College. So successful has been the services provided by Salem State College that the City and the Chamber of Commerce have developed a relationship to provide even greater flexibility, outreach and convenience. To offer additional supports, the City hosted a "Getting Started in Small Business" workshop that was coordinated by the Small Business Development Center at UMASS Boston. Additionally, the City has aided SCORE, the business support program staffed by retired executives, in its local outreach and interaction with small business.

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RESIDENTIAL DEVELOPS INTO DEVELOPMENT PRIORITY

Residential development continues to serve at least two important purposes in the City's overall economic development agenda. While commercial development in the region continues to be a challenge, a strong housing market is driving residential development in many places, including Chelsea. The opportunity to add to the local tax base and, perhaps even more importantly, promote the conversion of properties with less desirable commercial/industrial activity into uses that are more neighborhood appropriate have City leaders concentrating efforts on multiple projects. The rise in quality developers seeking to invest tens of millions of dollars into local neighborhoods confirms what real estate data has already quantified, that being that Chelsea is a "hot spot" for dwellers seeking an alternative to residential life in the urban core.

One impressive project that has been on the City's development wish list for more than five years is the redevelopment of the EMTEX building on Spencer Avenue. The 100-unit, Spencer Lofts project will change the character of the Spencer Avenue neighborhood by extracting the textile manufacturing use that had operated there for generations. It also protects the character of the neighborhood by averting the potential reuse of the large warehouse by an even more intensive industrial user. The new unit owners at Spencer Lofts are expected to begin occupancy of their lofts by February. Several unit owners have already participated in civic participation activities and have expressed an interest in contributing their volunteer time to local organizations and City boards.

Another project underway is Phase II of the Mill Creek Condominiums. The project on Cottage Street close to Eastern Avenue was originally designed as a three-phase development in the early 1980's. Phase I was built and sold; but only the foundation was built for Phase II before a real estate market crash in the mid '80's halted the completion of the project. Now almost twenty years later, the project is moving forward, as construction activity has begun. Completion of the project is anticipated in early 2005.

Unfortunately, the residential project that provides the most promise and has taken up the most staff resources is the proposed Admirals Commons. Originally envisioned as a five-story, two hundred-unit luxury apartment development, the developer/owner, John M. Corcoran & Co., agreed to downsize the massing of the building by reducing the project by one floor and forty units. Despite the major concession, negotiated by the City after input from Admirals Hill residents and careful consideration by several City boards, a legal challenge by a handful of Hill residents and boat slip lease owners at the Admirals Hill Marina has tied up the project. The City remains very supportive of the project and continues to work with the developer, as well as Hill residents, on the project.

The Admirals Commons project is a demonstration of persistency, vision and craft by a variety of City agents, the Pillsbury Corporation and members of the development community. The potential of the Admirals Commons development has already helped the City to facilitate the collection of almost \$3 million in back taxes, to solidify and expand the presence of Pillsbury, now one of the city's top three employers, and to bring heavy trucking relief to the

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Admirals Hill community through a subsequent agreement with Pillsbury limiting trucking on Commandants Way. The actual Admirals Commons development could result in more than \$300,000 in one time permitting fees, \$150,000 in annual property taxes, \$100,000 in affordable housing supports, \$50,000 annually to support private maintenance efforts on Admirals Hill and the final elimination of any potential negative commercial/industrial development at the base of one of the city's most prized and historic neighborhoods. The project is the result of more than four years of intense City focus and the outright rejection of several unacceptable development plans proposed by others. The continuing refinement of those plans being advanced by the current development team has helped to ensure that this major economic development project, like the many others upon which the City is and continues to build a solid reputation, is as responsible as it is successful.

Especially attractive about the development is the relationship the City has fostered with Corcoran. With more than 6,000-units owned and managed by the company in the region, Corcoran has a substantially positive track record in both development and property management. Consistent with the relationship the City seeks to strike with commercial developers who wish to invest tens of millions of dollars to expand the City's tax base, Corcoran has been attentive and responsive to the City's perspective and vision regarding the contemplated development. For example, the City and Corcoran have engaged in intensive dialogue about waterfront access issues and traffic measures that could improve the commute of Hill residents and others travelling through the very difficult Williams Street corridor. Although the City certainly understands how varying visions of development can create animus, the project proposed and refined several times by Corcoran's team rates as a spectacular opportunity for the large majority of Hill and community residents who will derive many direct and indirect benefits. Thus, the City will continue to pursue the development opportunity, despite the minority opinion to the contrary.

The focus on the city for such substantial residential investment is certainly helping to promote a complete and long-lasting revitalization of the community. In terms of larger projects, the latest wave of residential investment began with the highly successful conversion of the Prattville Schoolhouse, circa 1897, into the Prattville Lofts. Since then, another period building, the Silver Restaurant Supply building, has been converted into condos, and two other similar projects are pending: the Mary C. Burke Schoolhouse, circa 1881, and the American Finish and Chemical building. Expanded and upgraded residential investment has taken place in the Downtown, much to the encouragement and delight of City planners. The market-rate developments at the Executive Office Building and Revere Restaurant Supply, as well as an affordable housing project in the heart of Bellingham Square, are creating opportunity and momentum for a strengthening Downtown commercial district through such residential investment.

Meanwhile, two additional residential projects have the City directly involved and quite excited. The potential redevelopment of Forbes Industrial Park has been a major priority of the City's under the Anchor Projects Program. The City's preference for that redevelopment would be to de-emphasize, if not totally eliminate, the operations that bring heavy trucking by the elementary school and into the Mill Hill neighborhood. The City has invested

considerable staff time in studying and planning the potential residential redevelopment of Forbes, having acquired an in-depth understanding of the complicated development issues relating to a brownfield parcel bordered by water and rail. During 2004, the City will intensify development discussions with potential redevelopers.

Another interesting potential residential project involves the possible redevelopment of the Atlas Bedding building on Library Street. Atlas' relocation and expansion to another Chelsea facility, which is being facilitated by the City, provides a unique opportunity for the conversion of the present manufacturing site, and perhaps other adjacent industrial parcels, to residential uses more compatible with the neighborhood. Currently, the City is working with the present owner to market the property and discuss the variety of development issues with potential redevelopers. Additionally, the City has been in contact with State officials to review the possible use of pending programs to encourage residential development.

CAPITAL IMPROVEMENTS BOLSTERING ECONOMIC DEVELOPMENT

Also advancing the economic development agenda of the City is the improvements in infrastructure promoted by the annual CIP. Currently, work being accomplished under the CIP is helping to redefine the Spencer Avenue area, transforming that neighborhood from the heavy industrial presence to a sought after residential address. In the soon to be filed CIP, additional projects, including those addressing flooding on Crescent Avenue and Marginal Street, will help make these secondary commercial corridors more attractive to larger investment.

The City also continues participation on the regional and state level to advocate for important infrastructure projects. In 2003, for example, the City advocated for and received a commitment of \$7 million for the reconstruction of Eastern Avenue, and searched for federal funding to support infrastructure improvement in the Everett Avenue Urban Renewal District. Coordination continued on bridge improvements, ranging from the reconstruction of the Chelsea Street Bridge to off-ramp improvements to be made from the Tobin Bridge. Advocacy continued on regional transportation priorities, including the Haul Road, which would better connect Chelsea to Logan Airport through the former railroad rights of way in East Boston, and the Urban Ring, a MBTA project providing various forms of transportation access to multiple communities in and around the core centers of Boston and Cambridge.

The Gateway Signage Program, discussed in 2002 and mapped out in 2003, will be ready for implementation in 2004. The program will feature welcoming signs that double as general direction devices at 11 important city entrances. Secondary signage will then be located at critical intersections throughout the community. Not only will the signage program promote economic development initiatives, the directional signs should help those who are less familiar with local streets, especially truckers, to better find their way without ending up lost in residential neighborhoods.

2004 Goals

- Finalize the Memorandum of Understanding for the planning initiative reviewing the conversion of former auto salvage junk yards into development consistent with the EAURD Plan;
- Review development hurdles that have hindered the conversion of the substandard commercial/industrial operations on Sixth Street into development called for in the EAURD plan and more consistent with the abutting residential neighborhood;
- Formalize redevelopment plans for Parkway Plaza;
- Develop a report based upon the surveys completed by property owners along the Waterfront and target next steps for action, including pursuing joint planning activities with Revere, should grant funding provide the necessary financial support;
- Encourage the redevelopment of Forbes Industrial Park;
- Facilitate the expansion of Pillsbury Foods and State Garden Produce, as consistent with the City's Sector Strategy on the Food Sector;
- Complete marketing activities for the Emerald Block and work with ACS Development to produce a development consistent with the EAURD plan and the City's Sector Strategies on the Back-Office and Health Care Sectors;
- Secure the final commitment for the development of a second hotel in the EAURD;
- Promote the city for further expansion of biotech, thereby extending the success on the City's Sector Strategy on the Health Care Sector;
- Finalize a development agreement with Massport that addresses development priorities for both parties, including those consistent with the City's Sector Strategy on the Airport-Related Sector;
- Oversee municipal issues relating to the construction of the On-Time Mailing facility, leading to the opening of the facility and the further achievement of the City's Sector Strategy on the Downtown Support Sector;
- Advocate for the adoption of additional TIRE Program projects, including those relating to the potential construction of a new hotel on Chelsea Gateway and the planned expansion of State Garden;
- Complete oversight of municipal issues relating to the residential conversion of the former EMTEX building into the Spencer Lofts, facilitate the start of construction on the build-out of the second phase of the Mill Creek Condominiums project, and work with the developer and the community to resolve differences that could lead to the start of the Admirals Commons project;
- Lead and address development issues to secure the rehabilitation of the Mary C. Burke Schoolhouse and American Finish and Chemical facility into residential projects;
- Promote the potential redevelopment of the Atlas Bedding building on Gerrish Avenue into a residential loft project;
- Complete current infrastructure work and provide funding for additional CIP projects that promote economic development, and
- Finalize and implement the Gateway Signage Program.

FUNDAMENTALS – NEIGHBORHOOD ENHANCEMENT

2003 Highlights

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- Utilized “Receivership Program” to gain control of and secure renovation plans for nine properties causing blight in local neighborhoods;
- Advanced efforts to resolve “residential/industrial conflicts” through encouraging the construction of the On-Time Mailing facility on Spencer Avenue, the renovation of the Cataldo Ambulance property on Hawthorn Street, the reuse of the former New England Motor Services building on Arlington Street, and the conversion of the former EMTEX building into residential lofts on Spencer Avenue;
- Created a “zero-tolerance” policy on graffiti and signed up more than 50 property owners to pledge to keep their properties graffiti-free;
- Developed the “YARD Program” to dispose of small city-owned lots to abutters in neighborhoods, thereby reducing blight and providing for larger living environments for those who acquire the property;
- Completed the Highland Slope project;
- Undertook and/or completed sidewalks, roadway resurfacing and/or utility improvements on sixteen streets;
- Completed the reconstruction of Quigley Park and the new artificial turf field at Memorial Stadium;
- Received tentative State approval on a new Five-Year Open Space and Recreation Plan;
- Developed and received approvals for two “Impacted Neighborhood Action Plans” to relieve parking problems in the Upper Central Avenue and Lower Broadway districts;
- Enacted a new comprehensive rewrite of the City’s Zoning Ordinance, and
- Worked through the courts and other avenues to address issues relating to the runway expansion at Logan Airport, the siting of a methadone clinic on Crescent Avenue and the salt pile on Marginal Street.

Discussion

The City’s pursuit of stable finances and expanding economic development is done largely in part to focus attention and resources on the real priority of City leaders: Neighborhood Enhancement. Eliminating problem properties, be they bothersome industry, rundown housing or blighted lots; improving infrastructure; upgrading or adding open space; tackling the thorny issue of parking; addressing noise, odors and other community concerns, and proactively avoiding other issues through zoning enforcement and other means are priorities that have dominated the City’s agenda. The results have been largely successful, although there is always an issue here or a need there that should be addressed. The City’s commitment is to continue to press forward on the Neighborhood Enhancement Fundamental in order to make the City’s neighborhoods more attractive for investment and more livable for residents. That commitment means that many of the same initiatives that have delivered measurable results in past years will continue to be the focus of the City into 2004.

ELIMINATING PROBLEM PROPERTIES

The City defines problem properties as those that have a negative impact on the neighborhood in which they reside. Problem properties could relate to housing, such as long vacant or troublesome residences, of which there are few left in the community; business, including

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noxious businesses or others that, while not noxious, operate in a manner which threatens the livability of their host neighborhoods, and lots strewn with weeds, trash or junk. Problem properties are certainly on the retreat, and many of the most notorious, including the Skeleton Building, Marlboro Street drug house, Hawthorn Street garage and the Highland Slope, have been successfully addressed by coordinated and intensive efforts led by City leaders, in cooperation with other levels of government and residents of the neighborhoods so impacted. While a handful of problem properties still exist, the will to address the complicated issues required to bring those properties into conformance of community standards is still very present and will be recommitted to in 2004.

ELIMINATING PROBLEM PROPERTIES - HOUSING

Gone, and hopefully gone for good, are the days when vacant properties littered the city's neighborhoods. As recently as eight years ago, as many as 100 vacant and boarded up housing units existed in the community. Neighborhoods can be devastated by the blight caused by abandoned and boarded up buildings. Equally as deflating can be the lost chance to provide affordable housing in a community that wishes to create more such opportunities. Lastly, studies have shown that vandalism and other social maladies are more likely to occur in those neighborhoods with a high number of vacant units and less incentive exists for others to improve their own properties. Today, though, a combination of a red-hot housing market and a comprehensive and successful City strategy has resulted in all but a handful of problem properties being rectified. Despite the large reduction in the problem, the City has remained focused and flexible in order to utilize all avenues to gain the repairs necessary to return those few properties left to useful and contributing use.

Among the resources the City has utilized effectively in battling problem properties has been the "Receivership Program." In fact, the mere threat of the option is often enough to encourage property owner compliance with local mandates. However, in some cases, with the able assistance of Attorney General Tom Reilly, the City has utilized Receivership to its fullest form to seize and repair a deteriorated property. Still other times, property owners enter into voluntary Receivership because the process of renovation and tenanting is too complex.

This past year, the Receivership Program helped the City gain control of, secure renovation plans and/or complete renovations for properties on Broadway, Cary Avenue, Franklin Street and two each on Chester Avenue, Chestnut Street and Grove Street. The final Grove Street project was significant in that it was the last vacant unit left from the neighborhood that had some 30 vacant units only seven years ago.

This year, the City will focus its energies and resources on resolving problem properties on Bellingham Street, Broadway, Congress Avenue, Essex Street and Hawthorn Street. Most of the impetus for the improvements will likely come from the strength found in the Receivership Program.

Additionally, though, the City will be formally re-establishing its Five Most Wanted Program

to address remedial actions necessary at other problem properties in the community. The Five Most Wanted Program, operated as a component of the City's overall participation with the Federal Weed & Seed Program, relies on the cooperation and initiative of several City departments, including the Planning & Development, Inspectional Services, Police and Law Departments, to gain necessary improvements and/or property management changes at targeted properties. Of particular focus for the Five Most Wanted Program will be vacant properties in the Cary Square area, as well as property management issues at a major apartment complex.

ELIMINATING PROBLEM PROPERTIES - BUSINESSES

Noxious businesses are perhaps the most difficult of all problem properties to address. Operating rights are grandfathered by local and/or state law; courts or other bodies with jurisdiction may be unsympathetic or unable to help, and owner/operators may be unwilling to conform to today's community standards. Trouble aside, City officials regularly discuss and undertake coordinated efforts and other tactics to address the problems the businesses create. Arresting those problems can sometimes take years, but without the constant focus, there might never be an acceptable community resolution.

Other businesses, while not noxious in their operation, create difficulties for their host neighborhoods as a result of those very operations. Such are those which may have heavy trucking to and from their facilities, may be noisy in their operations or may have hours of operations which can disturb residents at off-times, like nights or weekends. The City regards these businesses as those which try to cooperate with City officials and others to address the operational issues, but even with that consideration, the neighborhood is still impacted.

On both cases, the City has sought to address the impacts that businesses have on host neighborhoods by prioritizing resolutions of residential/industrial conflicts. In some cases, the conflicts were borne out of the Industrial Revolution, where it was not unusual for homes to house workers to be built around a large plant. Other times, it was ineffective zoning or poor land use strategies that created an opportunity for an industrial intrusion to take root and uproot a neighborhood. No matter the reason why these conflicts exist, the City has reviewed each and every conflict it has become aware of and developed strategies, some more effective than others, to seek a resolution to the conflicts. The City also seeks to be proactive by trying to address a property's reuse before a problem use can be established.

As has been the City's record over the past decade, several residential/industrial conflicts were successfully addressed over the past twelve months. The construction of the On-Time Mailing facility on Spencer Avenue was a result of City efforts to "think outside the box" to find an answer to the long-standing issues at that problem property. Unsuccessful in enforcement activities, the City actually created an incentive for On-Time to purchase the property from the previous owner. The resulting development has eliminated the uses the City was citing for seemingly daily violations, while also expanding the local tax base and increasing employment opportunities for local residents. One of many efforts to find creative solutions to problem properties, the On-Time example is not the only success. The redevelopment of

the Hawthorn Street auto repair garage into the home of Cataldo Ambulance, again with City incentives, has eliminated the blight created by the repair shop's unkempt yard and broken down vehicles seemingly strewn throughout the neighborhood. The purchase and occupancy of the former used motor and parts storage building by New England Sculpture Services, with City assistance, ensured that a heavy industrial user, including one that featured heavy trucking to support its operation, was not able to locate at the property that is adjacent to the middle school and commuter rail stop. Likewise, the redevelopment of the textile manufacturing building on Spencer Avenue into the Spencer Lofts, supported in part by City infrastructure improvements, provided the same protection for that neighborhood and the elementary school just down the street. Presently, the City is working with the owner of the Atlas Bedding building on that company's relocation to an area of the city more appropriate for the industrial operation. In its place on Library Street, the City hopes to revive a long-dormant neighborhood by pressing for the conversion of the industrial properties within it to residential reuses. The City has been aggressive in introducing the potential project to would-be redevelopers and is prepared to work with the entity that secures control of the property to address infrastructure and financing assistance.

ELIMINATING PROBLEM PROPERTIES - BLIGHT

Fighting blight is a constant battle for the City and its supporters. Vacant lots with overgrown weeds and debris strewn over them, graffiti on buildings and general litter issues command the focus of several City departments and the City's community based organization "Keep Chelsea Beautiful." The latter is a member of the nationally recognized "Keep America Beautiful" network, and has been formed locally to press forward on issues and problems requiring remediation, advocacy and education.

In addition to the annual participation in KAB's "Great American Clean-up," KCB has directed City and volunteer resources to address graffiti. In fact, a "zero-tolerance" policy on graffiti has been adopted by the City and KCB. In addition to directing resources to immediately remove or paint over graffiti on public properties, including benches, retaining walls, steel beams and at the commuter rail stop, the City, KCB and the Chelsea Chamber of Commerce came together to sign up more than 50 property owners to take a zero-tolerance pledge on their own properties. This spring, more participation will be sought for the zero-tolerance pledge, as the collaboration pushes towards a goal of having 100 property owners agree to keep their properties free from graffiti.

Another City/KCB collaboration that moved forward last year and will be completed in 2004 is the "YARD Program." The City undertook a study of publicly owned vacant lots and secured City Council authorization to dispose of those lots in neighborhoods that were too small to be developed. Those small lots would typically be tough to maintain and would be a constant source of dumping. By disposing of the lots, the City hopes that abutters will be able to expand their own parcels; a desirable goal that provides a better quality of life for the occupants of the abutter's property. Additionally, the better-maintained lots should remove a blighting agent degrading an entire neighborhood. Three such lots are the primary focus currently, and negotiations are ongoing to transfer the properties, at a fair cash value, to

interested abutters.

One of those small lots is on Marlboro Street and directly across from the Highland Slope. A discontinued portion of Highland Street, the Highland Slope has long been the target for improvements by municipal leaders and neighborhood residents. The dirt slope was as dangerous to walk down as it was unsightly with its heavy overgrowth and illegal dumping. Finally, after three years of intensive work, the City was able to install a staircase and landscape the remainder of the slope. The combination of the transfer of the small lot into an abutter's ownership and the resolution of the unsightly and unsafe Highland Slope will surely rid the local neighborhood of those blighting influences.

Litter continues to be an issue in the community. The City has now purchased three "Madvacs" and has greatly improved the DPW's efficiency in cleaning streets. ISD inspectors regularly write thousands of dollars worth of violations. Yet, despite those efforts, litter continues to be a cause of blight in the community and frustration to those who have made some headway but are still far off from resolving the problem to an acceptable degree.

Recently, City officials met to discuss the problem at greater length. Sources of the problem were identified, including the improper placement of trash out for curbside pick-up, consumers failing to dispose of trash from convenience stores and fast-food outlets and losing lottery tickets being thrown to the ground. In response, the City will pursue a multi-pronged approach to address the identified problems, including dedicating additional City resources to the clean-ups, securing the assistance of business owners and residents to perform additional clean-ups, meeting with the City's trash contractor to review and implement new pick-up standards and promoting education issues through the media. Two additional actions recommended in the response include a further investigation into programs to either require trash to be placed in barrels for pick-up or going to a "pay-as-you-throw" system to encourage the reduction in trash to be placed out. Lastly, the City Council has requested the State Treasurer to devise a plan to deal with the issue of losing lottery tickets, including the possible implementation of a "bottle-bill" type strategy to get losing tickets returned to lottery agents. The entire response will be reviewed and formalized by KCB and presented to Council for its support in 2004.

Another matter to be placed before Council shortly is a measure aimed at getting more shopping carts off of the streets. On any given day, dozens of shopping carriages can be seen in neighborhoods and on main thoroughfares. The City has met with supermarket operators in the past, but the measures implemented by those supermarkets have fallen short of the City's overall goal of corralling the carriage problem. A new ordinance that will give the City the power to pick-up and impound shopping carts, with a fine attached to their retrieval, is under consideration. Like trash, shopping carts are a blighting influence that the City is resolved to removing from the local landscape in 2004.

INFRASTRUCTURE IMPROVES NEIGHBORHOODS

The City's priority on updating its infrastructure again produced desirable and measurable results in 2003, in many cases on long-neglected neighborhood needs. Perhaps the most

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significant highlights of many neighborhood projects were the completion of the Lafayette & Parker Water, Sewer and Drainage Roadway Project and the Crescent Avenue Sewer Project. Both projects are component parts of the City's \$7+ million commitment to resolve drainage issues on and around Powderhorn Hill. Such a large expenditure to improve neighborhood infrastructure is unprecedented. However, the combination of professional management and planning, along with the political will to prioritize some projects at the expense of placing less priority on others, provides the City with the ability to envision and carry through to completion such a complex and costly undertaking.

New sidewalks, roadway resurfacing and/or utility improvements were undertaken on portions or all of Bellingham Street, Broadway, City Hall Avenue, Chestnut Street, Congress Avenue, Cross Street, Exeter Street, Fourth Street, Garfield Avenue, Garland Street, Ingleside Avenue, Jefferson Avenue, Lafayette Avenue, Parker Street, Third Street and Washington Avenue. With the new construction season upcoming, the City will complete those projects still outstanding, and undertake additional work on Carter Street, Chestnut Street, Dudley Street, Spencer Avenue, Vila Street, Washington Avenue, Webster Avenue and Williams Street.

ATTENTION TO OPEN SPACE

The City continues to emphasize the upgrading and expansion of open space throughout the community and believes that the neighborhood availability of quality open space is critically important in densely populated communities like Chelsea. To that end, the City regularly updates the local park system and makes provisions to add to the local inventory of available space for passive and active recreation.

In order to accomplish the goals held for open space, the City has regularly applied for grants and utilized additional City resources. For the first time in several years, though, the annual CIP does not include a provision for a major park project. The decision to drop the annual \$100,000 appropriation is not permanent and is being made in recognition of three important factors: the depth of the City's current budget dilemmas, the great shape of the City's park network overall, and the availability of other sources of City funds and grants to undertake the projects currently being considered. The City is pressing forward on two formal park initiatives, overseeing the improvements at two Chelsea Housing Authority developments, planning field improvements at one park, contemplating significant improvements to another park and devising an improved access plan to several waterfront points. In each case, City funding is either in place or envisioned to match State grant programs that provide such support.

A significant contributor to the City's success on the local open space agenda has been the State's "Urban Self Help Program," an initiative that promotes new and improved parks in the city and throughout the commonwealth. USH has provided funding to renovate Blossom, Highland and Quigley Parks, most recently, and create the new open space on Bellingham Hill. Currently the City is close to completing a USH project, the renovation of the Mace Tot Lot, and has an application pending for improvements at Voke Park.

Through the State's "Small Cities Program," City grant funds are being directed to support the reconstruction of the tot lots at the Innes and Prattville Apartments. Under a collaborative agreement between the City and the Chelsea Housing Authority (CHA), those City grant funds typically reserved for City infrastructure are being redirected to those CHA properties. Both projects should be completed in 2004.

The 2003 opening of the artificial field at Chelsea Memorial Stadium was a tremendous success. The \$900,000 project, financed in part with contributions of \$300,000 from MetroLacrosse, a non-profit lacrosse program engaging local children in sports and academics, and \$100,000 from the National Football League, though its funding partner, LISC (Local Initiative Support Corporation), has already proven to be a tremendous local and regional draw. As exciting as the opening celebration was, with NFL Commissioner Paul Tagliabue and New England Patriots Owner Robert Kraft presiding over the ceremony, the three high school super bowl games and numerous state soccer championship games held on the field have won the regards and envy of residents from around the state.

The field makes play available at the Stadium literally around the clock. Realistically, while the natural field was limited to 250 hours a year of play, estimates are that the artificial field can be used to provide 4,400 hours of play annually. Put another way, the new field is like adding 17 new stadiums to the city.

An important aspect of the project, in addition to the increase in play hours, is the ability of the City to now shut down other parks for proper maintenance. For example, this year, the City will shut down Highland Park for a period to allow for the necessary rest and new growth of the natural field there. Utilizing the artificial field's unlimited play, followed by the rotation in and out of service of the City's natural fields, will therefore help to maintain a quality playing surface for all the City's fields.

Still, the City is seeking additional opportunities to improve open space for both active and passive recreation. Youth sports continue to be the focus of active recreation examination, while opportunities to expand passive recreation along the city's waterfront may be present through economic development initiatives at Admiral's Hill and Forbes Industrial Park.

To facilitate a further discussion about open space, the City has completed a new Five-Year Open Space and Recreation Plan that has received initial State approval. Once final approval is secured in early 2004, that plan will be the guiding document for open space and recreation infrastructure prioritization for the coming years. Having such a plan will ensure that the City remains eligible for State and Federal open space grants and will also ensure the public of the City's continuing commitment towards protecting and improving its open space resources.

PARKING PROBLEMS

Perhaps no other local problem is as frustrating as is parking. Local streets were designed during the horse and buggy era. Homes have been built upon parcels that are, in some cases, one-fifth the size of today's minimum lot requirements. There exists today a general availability of motor vehicles, and some times multiple motor vehicles, to residents of all

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income ranges. All of these have resulted in some neighborhoods being overrun with parking issues. The City set out in 2003 to resolve some neighborhood parking issues. However, what has become quite clear is that even the solutions to parking issues are fraught with controversy, so the progress the City has made on its parking solution agenda has been slow at arriving.

The City has established a prerequisite “external impact” that must be present in order for a parking solution to be offered. Put another way, in some residential neighborhoods, where there are just too many cars owned by residents competing for parking spaces, the City has avoided implementing a parking sticker program. Instead, the City has prioritized those neighborhoods where parking problems are exacerbated, if not totally caused, by employees or commuters coming into the neighborhood to park.

In 2003, the City implemented an “Impacted Neighborhood Action Plan” for Upper Central Avenue. The plan created the desired result: those residents closest to the Massport Garage on Central Avenue no longer find airport employees parking on the public way, in some cases for days or longer. Unfortunately, some airport employees are venturing further into the neighborhood, beyond the borders of the Upper Central Avenue INAP, so the expansion of the program to discourage the practice is under review and expected to be taken up as early as March.

Meanwhile, in the area where the City first instituted a pilot parking program, a Lower Broadway INAP has been adopted. Yet even in its adoption, controversy surrounded the program. The Traffic Commission again revisited and altered the originally adopted program. Final approval was recently granted by the City Council. Once implemented, the Lower Broadway INAP should provide additional protection to neighborhood parking spaces that would otherwise be invaded by courthouse patrons.

Next up on the City’s review list is the neighborhood around the commuter rail stop on Sixth Street. The combination of commuters and employees of the Massachusetts Information Technology Center have impacted that neighborhood, making it impossible on most weekdays for residents to find parking spaces. Based upon the knowledge gained with the implementation of the Upper Central Avenue and Lower Broadway INAPs, the City will be asking the Traffic Commission to enact a parking protection initiative for the Sixth Street neighborhood.

ADDRESSING NOISE AND ODORS

Work begun in 2003 on noise and odor problems plaguing some neighborhoods will be targeted for completion in 2004. Both issues are the purview of the Board of Health. Staff reductions have impacted the ability of the Board to fully digest the issues and possible solutions to pressing problems regarding noise in the Upper Bellingham Street neighborhood and odors in the Lower Broadway neighborhood. The City hopes to support the work of the Board of Health by directing additional resources to the examination of the issues regarding the noise and odor problems. Although both are complex in nature, the City will seek to have a plan of action in place during 2004 that allows for progress to be made on mitigation and

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enforcement activities that can improve the quality of life residents in those neighborhoods are afforded.

NEW ZONING

The City has aggressively sought to resolve problem properties and the operations hosted upon them through a variety of means. What has become apparent to City enforcement officials is that the old axiom, “an ounce of prevention is worth a pound of cure,” greatly understates the value of being proactive and heading off problems before they come. Through the use of the City’s tax incentive program, for example, properties that could be legally reused for industrial uses are being converted to more residential-friendly, commercial occupancies.

Another way the City can be proactive is through zoning. This past year, the City enacted a new zoning ordinance that was three years in its crafting. In addition to seeking to promote smart growth and further revitalization in the community, the new zoning is a reaction to the experience the City has endured with problem properties in the past. Now in place, the new zoning will help City officials prevent or better manage new businesses coming into the community, and prohibit many noxious or unacceptable uses from gaining a local foothold, especially in residential neighborhoods.

FIGHTING FOR THE COMMUNITY

As has been noted on pages similar to these in the past, not every neighborhood enhancement effort is successful. This past year, for example, the City came up short in its fight against the runway expansion at Logan Airport and the location of a methadone clinic on Crescent Avenue. The City continues to dialogue with Massport regarding mitigating the impacts of the new runway, and is appreciative of Suffolk County Sheriff Andrea Cabral’s cooperation in locating a law enforcement presence across from the methadone clinic. Mediation regarding the future operation of the salt pile on Marginal Street did not yield tangible results, although discussions between the company and the City have been extended beyond the formal end to the mediation.

Despite the lack of progress in those areas, more success is being enjoyed as evidenced by the preceding discussion and other observations. Certainly, one need only look at residential property value escalation and the number of developers looking for the next residential project to surmise that the progress the City is making on Neighborhood Enhancement is, in fact, winning perhaps the most important accolade possible, even greater investment in the community.

2004 Goals

- Focus the “Receivership Program” on problem residential properties in at least five city neighborhoods;
- Reenergize the Five Most Wanted Program to develop action plans to address as many as five problem properties in the community;

- Undertake a planning exercise that could lead to the elimination of “residential/industrial” conflicts in the Gerrish Avenue neighborhood;
- Complete the transfer of parcels identified as surplus through the “YARD Program;”
- Propose a comprehensive litter/trash management plan to supplement existing programs with the goal of improving the cleanliness of the community;
- Propose a new ordinance to address abandon shopping carriages in the community;
- Undertake sidewalk, roadway resurfacing and/or utility improvements on eight additional streets;
- Advance park improvement projects through construction at Voke Park, Mace Tot Lot and the Innes and Prattville Apartments;
- Review the Sixth Street neighborhood for possible participation in the “Impacted Neighborhood Action Plan” program to relieve parking pressures around the commuter rail stop;
- Encourage the Board of Health to propose a new noise ordinance for adoption and develop a plan of action to address odors along Lower Broadway, and
- Facilitate the opening of a training facility operated by the Suffolk County Sheriff’s Office to increase the law enforcement presence in the Crescent Avenue area.

FUNDAMENTALS – COMMUNITY DEVELOPMENT

2003 Highlights

- Fostered local discussion regarding affordable housing by supporting the Chelsea Housing Issues Committee in issuing a report and undertaking a community-visioning process through the State EO 418 certification process;
- Assisted in the preservation of affordable housing at Carter Heights by successfully advocating for a Massachusetts Housing Partnership loan for the 108-unit, expiring use development;
- Collaborated on the renovation and tenanting of ten-units of affordable housing through the Chelsea Neighborhood Housing Services’ SHIELD Program;
- Placed 22-units in eight problem properties into renovations to provide future affordability;
- Partnered with HarborCOV and multiple collaborators on the securing of permits and funding for the conversion of the former Wells Fargo building into 24-units of permanent, affordable housing for survivors of domestic violence;
- Provided technical assistance to CNHS during its search for a new Executive Director;
- Refiled a petition to establish an Affordable Housing Trust Fund and helped advance the home-rule legislation through several legislative hurdles;
- Facilitated youth programming discussions, including the completion of over 1,500 youth surveys, through CHAMPION Youth;
- Supported community efforts to provide summer jobs to 145 youth;
- Completed build-out of the artificial field at Memorial Stadium and signed a Memorandum of Understanding that will result in more youth activities to be provided by MetroLacrosse, including additional summer programming;

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- Expanded Community Schools offerings and raised average weekly attendance at Community Schools programming to more than 1,500 participants;
- Extended the Boston University/Chelsea Partnership for a second, five-year term;
- Resecured a grant to provide job placement, pre-employment training, ELS instruction and post-employment counseling for target populations;
- Advanced accreditation of the Senior Center;
- Secured passage of and developed regulations for the Senior Tax Work-Off Program, and
- Aided in the local celebration of cultural programming, including Hispanic Heritage Month and the Latin American Cultural Association Festival.

Discussion

A top priority of the City Council and City Administration has and will continue to be the support and advancement of programs that promote a better quality of living for individuals and families across a broad spectrum. Central to the City's Community Development agenda are initiatives that address affordable housing, domestic violence, community enrichment and recreation and afterschool activities, among many others.

Important to the achievement of those goals and others that combine to encourage a more healthy, rewarding and enjoyable life for youth, adults and seniors are community partnerships that allow for even greater success on an ambitious local agenda. The City's inclusive approach to Community Development programming therefore relies upon and encourages partnerships between the City and those individuals and organizations in the community who share similar concerns and goals. Through such collaboration, compatible work agendas that stress comprehensive programming approaches and overall better coordination result in the type of achievement that holds out the most promise for those who are clearly the beneficiaries of the outstanding programming options that can occur from such an approach.

In the discussion that follows, many community based organizations will be referenced. Truly, on each and every initiative the City pursues, there is at least one community partner, and often more than one, that is present in collaboration and active in defining, implementing and achieving the desired outcomes. The "institutionalization" of the collaborative approach to address community needs means that powerful, knowledgeable and dedicated forces are directing almost every effort in a single direction. The results of such collaboration continue to be awesome.

AFFORDABLE HOUSING IS A PRIORITY

In general, the City's affordable housing agenda can be summarized as a coordinated effort with local and regional developers, typically non-profits, to preserve existing and add new affordable units within the community. The City is not an affordable housing development entity, per se. Instead, the City serves as a leader in defining projects to be undertaken, a facilitator for financing and a consultant providing a host of technical assistance resources to help carry projects forward to completion. The Planning & Development Department performs the bulk of the affordable housing work done by the City. However, depending on

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the issues around site acquisition, the Inspectional Services, Law and Treasury Departments often play a supporting role. Of course, City leaders within the Administration, as recommended or encouraged by the Council, direct the ultimate establishment of policy and procedure.

City officials and community advocates share a similar opinion regarding the need for additional affordable housing in the community. There may be a difference of view as to the order of magnitude that City initiative should strive to reach, but there is no denying that every unit that remains affordable or is added new to the already significant affordable housing inventory is an achievement for the community as a whole. Advocates naturally want more to happen quicker. The City understands and is sympathetic to those opinions expressed by its well-meaning partners who have given thoughtful consideration to the issues abounding. In fact, the City is most appreciative of the Chelsea Housing Issues Committee for its work in the community organizing residents and defining issues. The report issued by the Committee in 2003, for example, was a welcome addition to the City's own efforts to stay atop of affordable housing issues in the community. Additionally, the City remains committed to a community visioning endeavor required as part of the State EO 418 certification process. Through that initiative, dozens of residents have contributed their perspectives on the issue of affordable housing locally.

Major contributors to the City's affordable housing efforts include Chelsea Neighborhood Housing Services and Chelsea Restoration Corporation. HarborCOV, a local domestic violence agency, has also emerged as a credible partner. On the regional and state levels, the Massachusetts Department of Housing and Community Development, North Suburban Home Consortium, CEDAC (Community Economic Development Assistance Corporation) and the Hyams Foundation are the primary supports providing invaluable assistance. Many others also contribute when called upon, including the Chelsea Housing Authority.

Like many other local efforts, the City often seeks to address multiple needs by a single action. Regarding affordable housing, the City's desire to eliminate problem properties often results in those properties becoming affordable units managed by new private entities or one of the City's non-profit developers. The City's priority on addressing local and statewide domestic violence issues has the community at the forefront of developing permanent affordability in units supporting survivors and their families.

Undertaking affordable housing projects is incredibly complex and time consuming. This is especially true in a densely developed community, like Chelsea, where open space for new construction is limited, and competition for that open space is found from park advocates, economic development officials and private parties who are eager to undertake their own projects in a burgeoning community. The City does focus on new development, but also looks to the acquisition of existing units that may not be affordable as another way to expand the local resource. Of course, preserving and upgrading what is already affordable is a major priority as well.

A significant accomplishment in the preservation and upgrading of already affordable units

is currently occurring at Carter Heights. Built originally with public funds that assured affordability for a period of thirty years, that use requirement was soon to expire. In such “expiring use” buildings, affordable housing units are often converted to market-rate units, thereby causing the displacement of many who cannot afford the increased rent levels or the purchase of a unit. A priority for preservation, the City sought and worked with a new entity to acquire the property, which happened in 2003. Updates are underway and a commitment to maintaining the affordability has been secured, in part through the efforts of the Massachusetts Housing Partnership.

Also this past year, ten-units of affordable housing were completed and rented out at Suffolk and Library Streets. These projects, accomplished through CNHS’s SHIELD (Secured Housing for Independent Elderly Living with Dignity) Program, produced new affordability in the community. Through the City’s collaboration on SHIELD, CNHS works with elderly homeowners who have vacant units in their dwellings. CNHS will perform necessary renovations, provide tenant selection and even manage the property. Not only do the newly renovated units provide affordable housing for families in need, program experience suggests that elders participating derive multiple benefits, including living in a home that is code-compliant and receiving additional income through rentals that can provide for additional needs. Another three properties are in the SHIELD Program pipeline for 2004.

The City’s problem property focus accomplished through the Neighborhood Enhancement Fundamental has the multiple benefit of increasing the affordable housing stock in the community. Seven affordable units, for example, are close to completion at the former Heller’s Café on Chestnut Street. Another fifteen units of affordable housing will be created as a result of problem property successes on Broadway, Cary Avenue, another Chestnut Street property and two each on Grove Street and Chester Avenue. Certainly, the primary focus of the problem property activities is to remove blighting influences and encourage additional investment in local neighborhoods. Such a combination often results in property appreciation, which can lead to an increase in rental costs. That the City and its housing partners strive to convert problem properties into affordable housing is helping to mitigate that cycle.

Several larger potential projects were also advanced in 2003, including a twenty-four-unit project by HarborCOV on Washington Avenue and the sale of the Burke School on Spencer Avenue. The City has initiated talks regarding joint development opportunities for fifty or more units in several institutional buildings that are or may become available shortly. Additionally, the City has directed considerable staff resources and engaged a variety of housing partners in a possible project that could create up to fifty new affordable units as early as 2004. Regarding the latter, and again given the complexities of the issues surrounding new affordable housing development, much work remains to be done. The City, nonetheless, is committed to pushing forward.

Several important programmatic supports were accomplished in 2003, while still others are pending in 2004. The City provided extensive support and technical assistance to CNHS during the year as that organization was undergoing an intensive re-organization and searching for a new executive director. With both complete, the City is excited about the possibilities

and re-energized in collaboration with CNHS on several potential projects.

The Affordable Housing Trust Fund petition that the City filed with the Massachusetts State Legislature cleared several legislative hurdles in 2003, and will hopefully be adopted in 2004. The Trust Fund, once established, will be comprised of housing professionals and community residents. That group will endeavor to provide planning and technical assistance on City designated projects, as well as provide some limited financial support to fill gaps in project financing that are not covered by other sources.

Important projects to help first-time homebuyers and those contemplating making their first purchases were advanced in 2003. First-time homebuyer clinics and down-payment assistance, as well as programs on foreclosure prevention and predatory lending practices, were well attended and of great value to hundreds in the community. Those programs will continue on in 2004.

LEADING THE BATTLE AGAINST DOMESTIC VIOLENCE

The City has been a leader in the fight against domestic violence, prioritizing programs and supporting community advocates, led by HarborCOV and the Chelsea Domestic Violence Task Force, in addressing a range of programmatic needs. Domestic violence is a significant cause of crime in the community, and, as such, the physical, sexual and psychological battering that takes place is endangering individuals, destroying families and jeopardizing the entire community. The City is resolved to addressing domestic violence issues locally and joining others in the fight to bring more attention and resources to the national epidemic.

Despite the gravity of the issue, the City is excited about the progress being made on the local level to educate the public and support survivors. Domestic violence *has* become a community issue, and many are now focused upon the root causes and possible relief that can be provided on the local level. Evidence abounds of such support, including a “standing-room-only” breakfast meeting during Chelsea’s observance of “Domestic Violence Awareness Month” to HarborCOV’s “Casa Maribel” project receiving the “Project of the Year” recognition by the All-Chelsea Awards committee.

Still, far too many individuals and families are at great risk. The issues surrounding domestic violence can be complex. One factor that has especially received local attention is that survivors often stay in an abusive relationship because they are isolated and fear homelessness and poverty. To remove that fear, and to provide individuals and families the support necessary to make a better living for themselves on their own, HarborCOV, with the support of the Chelsea Domestic Violence Task Force and the City, has established the “Community Housing Initiative.” Casa Maribel, named for a local woman slain at the hands of her abuser, provided the first three-units of what is hoped to be fifty-units of permanent housing in the community. In 2003, the next phase secured financing, that being the redevelopment of the former Wells Fargo building on Washington Avenue into twenty-four units of permanent housing. In fact, at a City Hall Ceremony, Lt. Governor Kerry Healy joined local and state advocates in announcing the project’s approval.

The Community Housing Initiative is a critical step in protecting the abused and supporting

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their family's safe transition to a better life. While reconstruction will begin in earnest in 2004 to transform Wells Fargo into a spectacular home and center for family support systems, the City and HarborCOV will continue to search for additional opportunities to expand upon a program that is gaining local, state and national attention for its vision and success.

CHAMPIONING YOUTH

The commitment to youth by the City and its partners, especially the Chelsea Boys & Girls Club, Roca, Choice Thru Education and Chelsea ASAP, has been unwavering. New and improved facilities are abounding, as is the energy of the collective community to provide the programming and guidance to afford local kids the opportunity to reach their fullest potential. The City is truly fortunate to have such a strong collaboration in place.

A working example of that strong collaboration is CHAMPION Youth. Operating under the Weed & Seed umbrella, CHAMPION Youth is a collaboration of thirty local organizations that focuses on programming in five key areas, mentoring, safe havens and structure activities, healthy lifestyles, education and employment and civic participation. As a result of CHAMPION Youth, a number of important activities have been strengthened or established over the last twelve months. For example, the establishment of an under age drinking initiative, coordinated by Chelsea ASAP, is one of many successes CHAMPION Youth has facilitated.

YOUTH - PROMOTING SUMMER EMPLOYMENT

The City was pleased to be part of a coalition led by the Chelsea Human Services Collaborative that provided summer jobs and supportive assistance to more than 145 kids this past summer. While the combination of a weak economy and State budget cuts again limited the number of private and public sector summer jobs from traditional sources, the summer jobs coalition, and its major funding partner, the Hyams Foundation, made a work experience and additional educational programming available to many who would have otherwise had gone without. Summer jobs keep kids off the streets, provide youth and their families with financial support, instill a sense of work ethic, help development skills and begin the process of defining career goals for those lucky enough to find such an opportunity. The City provides direct funding support for the initiative, as well as technical and fundraising assistance. CHAMPION Youth has endorsed the program and its member agencies are united in support of additional summer programming.

Unfortunately, far too many kids are unable to be serviced by the valued, yet modest, summer employment program. City leaders and their counterparts in community based organizations continue to interact with each other and seek to devise ways to gain the additional supports necessary to further extend the availability of summer jobs locally. While it remains unclear as to how far that reach can be extended, it also remains important that in 2004 another similar effort is waged. The City is currently preparing to again provide a leadership and financial role to that effort, despite troubling financial times.

YOUTH – IT’S TIME TO CONFERENCE

Currently, CHAMPION Youth is awaiting the results of a survey it undertook this past fall regarding issues affecting youth lives in Chelsea. The results will be the centerpiece of a conference being planned for 2004 to discuss those issues and get more youth involved in taking responsibilities for their own lives as well as others in the community. At the same time, another study is underway, that one with federal funding, to provide family and youth violence prevention services locally. More than 15 focus group discussions were facilitated in 2003, as study leaders are gathering information to help the community understand more about youth violence and youth activities. The results of that study will be the implementation of a pilot program to reduce violence and increase school success in the community.

YOUTH - SUPPORTING YOUTH INFRASTRUCTURE

Concurrently, the City continues to work with local agencies on improving and expanding community infrastructure to support youth activities. In recent years, the Roca Family Center and Jordan Boys & Girls Club have placed spectacular buildings with tremendous resources into service for local youth. Of course, the rebuilding of the entire school system has done the same. Currently, CAPIC is seeking to be added to the list, as a new center for Head Start is under construction on Crescent Avenue. The project, which is supported by City discretionary funding, will provide hundreds of kids annually the access to programming that has proven to be so beneficial in areas from educational levels to drug addiction.

Another significant commitment finalized this past year was MetroLacrosse’s role in providing a superior resource for local children. The artificial turf field at Chelsea Memorial Stadium is the envy of many in the region and has already been the site for many state championship high school contests. The impetus for the new field, which has the capacity to increase play at the stadium from 250 hours to 4,400 hours annually, was MetroLacrosse. The non-profit had already committed itself to providing athletic instruction and educational supports to hundreds of local youth. However, to ensure that a proper playing surface was available for lacrosse and other youth sports, Metro offered and delivered \$300,000 towards a \$900,000 project to replace the natural surface with the newest generation of artificial field. As if the offer to mentor local youth and contribute significantly to the cost of the new field was not enough, Metro also played a significant role in the construction process, providing invaluable technical assistance and finding several creative ways to reduce project costs. With the field now in place, Metro is planning on offering a summer camp for local youth, a valuable alternative to the idle time that can often be the avenue from which kids get into trouble. Without the financial backing and, more impressively, the leadership of Metro, the artificial field project, one the City had thought about for a decade, could not have come to be. Regarding important players in the field development, it should also be noted that the National Football League contributed \$100,000 to the project.

YOUTH - COMMUNITY SCHOOLS FOR KIDS AND ADULTS

Also in the new school facilities is an outstanding community option providing recreation,

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education and enrichment activities for residents young and old. The Community Schools Program saw tremendous growth over the past twelve months and now provides services to more than 1,500 participants weekly.

Today's Community Schools is far different than that which the city was exposed to just two years ago. Through increased programming and a focused administration, the Community School operating after school hours at the Williams School is becoming a critical part of community life. For example, a quarterly class registration has been instituted to bring structure to programs offer and define periods for participants to manage their time. A fee policy was instituted to encourage, not discourage, participation. The nominal fee, which can be waived under certain circumstances and is returned to program participants if they attend the requisite number of classes, has secured a commitment and increased the contribution of those who now have "ownership" in the offerings.

Some of the exciting new offerings provided at the Community Schools include professional babysitting courses and certification, pre-financial planning, cooking for nutrition and health and Spanish for the non-Spanish speaking. There is even a mother-daughter belly dancing class! Overall, the City is seeking to provide affordable, quality instruction, and is constantly seeking feedback from Community Schools participants on how to better the entire learning and enjoyment experience.

To bring additional focus on the expanding, quality resources of the Community Schools Program, the City undertook a community information campaign and conducted a citywide inventory of programs and activities for youth. Results of that inventory will be combined with other surveys being done and presented in a package in 2004. Also in 2004, the Community Schools will seek to strengthen and develop new partnerships with providers outside of the city to attract additional resources and programming to the Community Schools and its enrollees.

YOUTH - CHELSEA/BU PARTNERSHIP CONTINUES ITS SUCCESS

The City and Boston University extended the one-of-its-kind management contract between a municipal school system and an institute of higher learning. The home-rule petition to extend the term of the contract for a second five-year term means that the Partnership will now last until June of 2008. At the conclusion of that term, the Partnership is likely to end, although both the City and BU officials acknowledge the desire to maintain a working relationship on educational issues for many years there beyond.

While the stability in the Partnership has been secured, the recent departure of Superintendent Irene Cornish to pursue a similar opportunity in her home state means that there will be a change of leadership at the top of the School Administration. Fortunate for the students and those who teach or otherwise work in the schools, Superintendent Cornish left behind her a group of professionals who are well capable of managing the system over the short-term, and longer, if necessary. Regarding that search, the BU Management Team has committed to an inclusive process that should help identify community priorities for the local educational system and the next person to lead it.

In the schools, educational achievement continues to be a priority. From the macro-policy level, where the Chelsea School System has been among a handful of urban districts nationally to have complied with benchmarks set by the Federal No Child Left Behind Act, to the individual, where student achievement continues to soar, Chelsea's schools are among the best run and most successful urban school systems in the state.

There is an impressive list of achievements reflecting the success of the schools. Third graders climbed to all-time high national percentile rankings on every section of the Iowa Literacy Tests and, for the first time, met the national average in reading. Fourth graders from the Hooks Elementary School surpassed state average levels of achievement in mathematics on the MCAS examination. In grades four and ten, average total MCAS scores continue to be on the rise, reaching all-time highs of 464 and 456, respectively. Seniors improved their average math score on the SAT to its highest level since the inception of the Partnership, bringing the combined average score to a high of 888.

Instruction, quality instruction, has and continues to be offered. Enrichment programs, through the arts, science clubs, sports teams and much more, equal and exceed those in more affluent school districts. Opportunities are abounding for those who thirst for the experience.

As the Partnership continues to make progress on seventeen critical goals, it does so through strong management and equally as strong commitment by all those who serve the city's children. As dropout rates improve, attendance and graduate rates climb and tests scores and college admissions soar, the statistics confirm the success. Talking to parents, though, it becomes even more evident that the local school experience is a positive and desirable one.

The three basic principles that have guided the Partnership are that children should be ready to learn, teachers should be prepared and equipped to teach, and important subject matter must

be taught and learned through a coherent plan of instruction. Through the search for a new superintendent, and then, thereafter, as the responsibility for overseeing the schools fully returns back to the School Committee, there is a tremendous opportunity for the community to elevate the level of debate regarding those principles and other local educational issues. The City looks forward to engaging the community in that debate.

IBA/STRIVE HELPING ADULTS SUCCEED

In the City's opinion, a means to providing local residents with the opportunity to improve their financial conditions, and therefore their quality of life, is to offer those residents the chance to acquire or improve upon their skills. In 2003, the City was pleased to renew a federal grant for the Chelsea Refugees and Immigrant Services to support the job placement, pre-employment training, ESL instruction and post-employment counseling programs offered by the outstanding program. Another program providing exceptional job training programming is the IBA/STRIVE (Inquilinos Boricuas En Accion/Supportive Training Results in Valuable Employees) Center in the Chelsea Housing Authority's Innes Apartments. To expand those offerings, the City will provide nominal financial assistance this upcoming year to IBA/STRIVE to open and operate a computer training center in the CHA's Prattville Apartments. The City's support for both sites is rooted in its long held belief that CHA residents, and others in the community, can benefit from on-site programs offered right in the neighborhoods. IBA/STRIVE have been exceptional partners in providing such opportunity. Another important partner has been CHA, which has allowed for the exciting and, to date, very successfully programming at Innes to take place. Graduating class after graduating class of residents who have dedicated themselves to the strictest standards of the nationally-acclaimed STRIVE programming substantiate that claim and are now following a new path which holds greater promise for their own personal and professional achievement.

EARNED INCOME TAX MEANS LESS IN TAXES

IBA is one of several that are also collaborating to bring as much as \$1,000,000 in benefits to as many as 20% of the eligible population that has overlooked the opportunity. The City and IBA, together with Centro Latino, Chelsea Restoration and other community organization, will partner with the Internal Revenue Service to create the Chelsea/EITC Coalition to provide free tax preparation services and aid local residents in claiming an Earned Income Tax Credit. EITC is a federal and state income tax relief program that allows eligible low-income wage earners to pay less or no income tax, and in some cases actually pay no income tax plus receive a tax refund.

The mission of the Chelsea/EITC Campaign is to train volunteers to serve as tax return preparers at three Chelsea filing sites. Volunteers sit with filers and enter information off W-2 and other forms into a computer program that creates and files an instant electronic return. Those volunteers will ensure those eligible filers claim the Earned Income Tax Credit. According to IRS estimates, 20% of those eligible to take the EITC do not do so, overpaying their taxes by an estimated \$1,204,627 in the 2000 tax year. The goal of the Chelsea/EITC Coalition is to save local filers \$1,000,000 in taxes this tax season. The service is free to filers with household income below \$35,000 who do not own their own home.

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The City has adopted the initiative as a community service project and is providing time away from the job for those who volunteer to assist with the filing. Filing sites are at Centro Latino, Chelsea Restoration Corporation and IBA/STRIVE.

ADVANCING THE CAUSE OF SENIORS

As the Senior Center continues to provide its core services, the City has furthered its efforts to receive national accreditation. The lengthy and cumbersome process is worth the great investment of time and resources, though, as the achievement of accreditation will reflect the City's best efforts to maintain the highest possible standard of programming for local seniors. That programming has expanded over the past twelve months, including more educational, recreational and nutritional offerings. Especially important has been the increased activity to share the life experiences and cultural backgrounds of Senior Center participants. Through a partnership with the Harvard University School of Public Health, the Senior Center went into local homes, through television sets, programming a local cable access show on lifestyles and healthy aging.

While seniors receive a variety of outstanding programming options at the Senior Center, the City is also looking to put them to work, literally. Last year, the City Council adopted a Senior Tax Work-Off Program that allows senior homeowners to work-off up to \$750 of their property tax bills. The program is authorized by the State and designed locally. City officials are currently soliciting seniors to participate in what will be a meaningful work experience, providing assistance to City departments in City Hall. Among the tasks under consideration for program participants is a senior greeter, who would welcome and provide information and direction to those entering City Hall, several clerical opportunities, a webmaster and a public service announcement coordinator. More than a dozen participants have already signed up for the program that should begin in February of 2004.

ARTS PROVIDE CULTURE

Cultural activities continue on the rise in the community, from music performances in the schools to live plays at Chelsea Theatre Works. The Chelsea Cultural Council coordinates the City's support for the arts, and during the past twelve months has stepped up the quantity and quality of arts programming.

Among the many highlights of expanding programming locally was the October celebration of Hispanic Heritage Month. At a wonderfully festive evening at City Hall, the blend of Latino music, art and food was celebrated by hundreds. Also, the City's annual partnership with the Latin American Cultural Association produced another fabulous LACA Festival in August. While regular supporters, especially the Mystic Mall, were central to the festival's success, Kayem Foods performed admirably in assisting LACA in organizing and managing the event that was attended by tens of thousands. One and all had great music, delicious food and an enjoyable time. As important, Chelsea's position as a center of cultural activity and a community that embraces diversity was again successfully put out for display.

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Further supporting the arts will be front and center this upcoming year. As loft projects, like the Spencer Lofts open, gallery space will provide additional outlets for local displays. From a planning perspective, the City will also begin work on transforming Chelsea Square into a cultural district, with Chelsea Theatre Works and several neighborhood restaurants being the foundation for the square's change in persona.

2004 Goals

- Oversee the completion of renovations at Carter Heights to ensure the continued affordability of the housing development;
- Place another three properties, at minimum, in renovations through the CNHS SHIELD Program;
- Complete the renovations of the 22-units identified as problem properties to be converted into affordable housing;
- Move the conversion of the former Wells Fargo by HarborCOV and its development partners into construction, thereby advancing the Community Housing Initiative's project to create 24-units of permanent, affordable housing for survivors of domestic violence;
- Advocate for final passage of the home-rule petition to create a local Affordable Housing Trust Fund board;
- Review the report on the community's summer youth employment initiative and work with interested parties on any recommendations that are made to strengthen and expand the program;
- Complete work on the youth survey produced by CHAMPION Youth and design a youth conference at which time the survey results can be presented and discussed;
- Provide additional assistance to CAPIC for the final construction and eventual opening of the new Head Start facility on Crescent Avenue;
- Consider additional Community Schools programmatic expansions, in part as a response to results of a Community Schools survey undertaken in 2003;
- Participate in a community process to define goals for the school system as it searches for a new superintendent;
- Collaborate with IBA/STRIVE to assure the occupancy and operation of the new computer training site to be opened at the Prattville Apartments;
- Achieve the goals of the community collaboration seeking to promote greater taxpayer participation in the Earned Income Tax Credit Program;
- Advance efforts to secure Senior Center accreditation;
- Implement the Senior Tax Work-Off Program;
- Facilitate hosting of cultural activities and festivals, including those held during Hispanic Heritage Month and at the LACA Festival, and
- Convene a promotional group to advance Chelsea Square as the community's cultural district.

FUNDAMENTALS – PUBLIC SAFETY

2003 Highlights

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- Achieved status of “certification” for the Police Department on the way to becoming an “accredited” law enforcement agency;
- Received higher classification by insurance industry for fire suppression capabilities;
- Secured homeland security grants in partnership with neighboring communities totaling nearly \$21 million;
- Performed heroic actions that led to six firefighters being recognized with State commendations;
- Instituted “zero-tolerance” policy to reduce gang activity and vandalism around schools;
- Enacted new ordinances to assist officers in addressing youth congregation issues;
- Undertook regular “operations” to further target drug dealing and prostitution;
- Presided over decline in structural fires;
- Trained an additional six emergency medical technicians for the Fire Department, increasing the number of EMTs to sixty-two of the eighty-five members of the department;
- Instituted guidelines for Fire Department procedures that correspond to homeland security threat level warnings, and
- Transferred oversight of emergency communications from the Police Department to the Office of Emergency Management.

Discussion

The City’s public safety forces continue to perform admirably under very difficult circumstances. From local budget realities to geo-political uncertainties, the pressures on public safety remain constant. Fortunately, though, the City’s men and women in uniform and the civilians similarly dedicated to advancing the cause of public safety locally and beyond have been equal to each and every task. The sacrifice, courage and vision of those on the front lines and behind in administrative capacities continues to place the City at the forefront of important activities and cutting edge initiatives.

The community is certainly well served and very well protected. It is, however, the continuous improvements to those services that are sought and reached by the local public safety forces that sets the local departments apart from many others. For evidence, one can look past a favorable statistical analysis and instead rely upon the outstanding accomplishments that have become seemingly routine achievements for the public safety departments. The achievement of “certification” by the Police Department on the way to joining nine other accredited municipal law enforcement agencies in the commonwealth. The combined work of the Fire and Inspectional Services Departments resulting in the City receiving a higher insurance industry classification. The continuing outstanding work of the Office of Emergency Management in coordinating local, regional and statewide programs and initiatives relating to homeland security. These important accomplishments and many others, including firefighters receiving statewide recognition for heroism, police officers being called to share their expertise at federal crime fighting conferences, inspectors voluntarily changing their work hours to better respond to storm related problems and emergency management personnel organizing regional disaster relief conferences, further demonstrate that the City’s public safety forces, not unlike their counterparts serving throughout City government, form

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a powerful team that reflects very positively back onto the community.

POLICE ARE A CREDIT

In October, the Police Department achieved certification status through the Massachusetts Police Accreditation Program. That program, based upon national standards adopted by the Commission on Accreditation and Law Enforcement Agencies, establishes 151 mandatory standards. Those standards reflect the best professional practices in each area of police management, administration, operations and support services. By achieving certification, the Police Department has successfully met each of those 151 standards included in the critical practice areas.

The local accreditation process began in 1998. Since that time, the department has been involved and continues to be in a thorough evaluation of its current operations, policies & procedures and rules & regulations, as each is measured against those accreditation standards to determine whether or not compliance in each mandatory standard is being met. Those standards address a variety of extremely important law enforcement issues, including: use of force, authority and jurisdiction; recruitment, selection and promotion of personnel, and training, discipline and internal affairs. Still other standards include: patrol and criminal investigations; victim/witness assistance; traffic operations; prisoner transportation; records and communication; collection and preservation of evidence, and property and evidence control.

Participation in the accreditation is voluntary. To wish to undertake such a massive and invasive inspection of the department's overall operation, each and every member of the Police Department has needed to commit themselves to the highest level of professionalism and integrity possible. The department has demonstrated the achievement of standards that impact officer and public safety, high liability/risk management issues and operational efficiency throughout the department. The process to achieve accreditation has also served to assure local residents of the department's capability and commitment to be the best crime fighting force and community builder possible. In 2004, the department will attempt to complete the accreditation process.

Of course, recognition and certifications mean nothing without implementation, and implementation must have an impact in order to be of value. In 2003, the value of the local crime fighting effort was significant.

In the area of gang activity, the Police, in collaboration with other law enforcement partners, most notably the Massachusetts State Police and the Suffolk County District Attorney's Office, maintained order and made significant strides. Reduced gang activity and recruiting around schools has been accomplished through a "zero-tolerance" policy. Neighborhood vandalism and school property arrests have been reduced by 25%, with a continued push being made to drop that level even more. Gang activity has been further reduced through an effective information-gathering network that allows a formal partnership developed between local officers and the State Police to detect and deter gang activity. The department has become a regional leader in tracking such information and has become the base for a

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specialized unit that focuses upon inter-jurisdictional gang activity in the Greater Boston area.

The City Council also aided policing efforts to address gang-related issues. After thoughtful and thorough consideration, the Council drafted and adopted a series of ordinances designed to assist the Police Department in furthering its work on combating gangs. Five separate ordinances were adopted concerning gang recruitment, parental responsibility, truancy, graffiti and the prohibition of selling aerosol paint cans to minors. The ordinances were drafted after several public hearings and much testimony from law enforcement professionals, youth advocates, crime-watch representatives and individual residents. The addition of the new ordinances strengthens the tools and provides for discretion that officers on the street can utilize to address youth congregation issues.

Also contributing to progress on anti-gang efforts were community collaborators, especially Roca through its street work and programming, including the establishment of an educational program that gets kids out of gangs and into classrooms. Others, through the federal Weed & Seed Program, the Suffolk County DA's Safe Neighborhood Initiative and the City's CHAMPION Youth Committee, have been equally as focused and effective.

Zero-tolerance operations have also led to success on controlling a variety of illegal activities, ranging from drug trafficking in Bellingham Square to prostitution around the Produce Center. On almost a monthly basis, the Police have undertaken special operations to combat the illegal activities and to send a message that the City is committed to aggressively pursuing those who might utilize local venues for criminal behavior. The Bellingham Square operation, for example, has had a noticeably positive impact on the entire Downtown. Such operations will continue to be prioritized and undertaken.

Regarding Bellingham Square, and looking at the potential to augment the outstanding work of officers out on the street, the City is carefully weighing available technology and seriously considering the purchase of mobile video surveillance equipment to further enhance the department's ability to monitor and address criminal activities. Designated "hot-spots" or "flare-ups" could be addressed with the aid of a computer-based recording system that would allow for 24-hour viewing. The system would be based on a successful application in Chelsea Housing Authority developments, to which the City has committed to augmenting with grant support.

A mobile system could be used, for example, to follow drug trafficking, illegal dumping, public drinking, repeated graffiti tagging and prostitution. Should the City decide that the application of such technology meets today's law enforcement standards, policies would be developed and implemented to assure that individual privacy rights were not being compromised. Those privacy rights aside, the rights of law-abiding citizens to be free from criminal activities in their community could surely be boosted by the effective use of the emerging technology.

Also being examined for possible implementation in 2004 is the expansion of the current traffic unit within the department to allow for nighttime enforcement and expanded police presence at night. Currently, the traffic unit does work one night a week, but it does not have the resources to operate more frequently. Residential complaints and Police observations indicate that heavy trucking, speeding and other motor vehicles violations are pervasive at night. The City believes that expanded traffic patrols would provide additional safety on a more regular nightly basis. That benefit must be weighed against additional costs that would need to be assumed during trying budgetary times.

The department has been successful in reaching out to other law enforcement agencies to focus many resources on local needs. For example, this past year the Police established a steering committee of local, state and federal law enforcement partners to address ongoing operations, track cases, develop effective strategies and reassess goals and objectives, all in the name of reducing crime on local streets. In the courts, the Police have developed a new partnership with the Suffolk County DA's Office to help prosecute Safe Neighborhood Initiative offenses.

Like the City's other public safety agencies, the Police Department is making an impact outside of its traditional operations. Officers are working with school resources officers, school truant officers and outreach workers to address truancy. Code violations are being addressed in partnership with the Inspectional Services Department. A regular crime-watch committee meeting is connecting senior police staff to resident activists of various neighborhoods. Weed & Seed activities, as funded by the Federal program, position the Police to interact with the community on prevention and suppression activities. In the upcoming year, the Police will be conducting several "Citizen Preparedness Classes" to prepare citizens to address their needs during times of emergency. Also during 2004, the Police will participate with a variety of law enforcement and community agencies on the issue of establishing a community court restorative justice program.

FIRE SUPPRESSES AND IMPRESSES

Once again, Chelsea was represented at the annual presentation of State commendations for heroism held in 2003. This time, six members of the department were recognized for their efforts to rescue a drowning victim in frigid waters last March. That members of the local department are seemingly selected annually amongst their peers for such actions comes as little surprise to those who the men of the Chelsea Fire Department have been protecting on a daily basis. Through better building codes, more effective enforcement and good fortune, structural fires continue to decline locally. However, should the need occur, there is little doubt that members of the Fire Department will respond, and respond well-prepared and well-equipped to save lives.

Of course, preventing fires is an equally as desirable goal. Fire prevention activities are resulting in decreased responses, decreased structural fires and decreased injuries and loss of life. In fact, last year, there were no fire deaths record locally; an achievement worthy of cheering. In 2004, the Fire Department will conduct fire prevention education and outreach. A goal of the department will also be to implement a dangerous building and unsafe location

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program. As important as it is to protect the public, it is also vital that the protectors are protected. Becoming more familiar with dangerous buildings and unsafe locations should help local protectors avoid the tragedies that have befallen their brethren in other localities.

In addition to the obvious good news that lives are saved and property protected, the work of the Fire Department on suppression, ably assisted by ISD inspectors, has resulted in the City receiving an upgrading in insurance classifications. Communities are regularly assessed on a wide variety of prevention and suppression capabilities by the insurance industry. The results of those assessments are included in the calculation of hazard insurance rates. The most recent review of local capabilities resulted in the City being upgraded to a Class II department, included in a grouping of ten others and behind only one Class I department: Cambridge. While hazard insurance rates should benefit from being in the upper echelon of Fire Departments, the industry confirmation of the outstanding work of the Fire Department and all those who support its efforts is as comforting as it is confirmatory.

Additional training has resulted in six more firefighters being certified as Emergency Medical Technicians. A total of sixty-two of the eighty-five members of the department are or will soon be certified as EMTs. The benefits of having more lifesavers at the ready are self-evident. The commitment made by the Fire Department and the City to support the focus is critical.

Traditional suppression and medical response activities aside, the Fire Department, like other public safety departments, continues to find itself on the frontlines of fighting terrorism. In 2003, for example, the Fire Department completed the development of guidelines for departmental actions to correspond to the five levels of homeland security threats utilized by the Federal government. Those efforts could and may have already been of value in terms of that specific focus, but the side benefits of the increased attention to public safety and emergency preparedness has multiple other benefits.

Grants from the Federal government, secured in cooperation with neighboring communities, are helping to accelerate the upgrading of equipment and the offering of training. One of the more exciting activities underway is the regional effort to standardize equipment and improve communications. In 2004, with grants and cooperation secured, the Fire Department and others in the area will focus on a single incident management system that, while critical in terms of a terrorist attack, also has great value during mutual aid runs and other local emergencies. Equipment that can be serviced no matter what community in which the public safety officer may be and radio procedures that are universal and therefore understandable and effective are critical advances that are being made in public safety operations. The local Fire Department remains central in planning and implementation of these areas of increased importance.

EMERGENCY MANAGEMENT CONTINUES TO EXPAND ROLE AND PROTECTION

To allow the Police to focus on core responsibilities and increased community and regional activity, the management of the City's emergency communications has been transferred to the Office of Emergency Management. Under the new arrangement, and again to allow for Police

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responsibilities to be effectively managed through better utilization of Police resources, the E911 call center will be relocated to the Emergency Operations Center in 2004. While staffing and infrastructure issues will cost the City several hundred thousand dollars in transition, the efficiency, and more importantly, the enhanced public safety provided to local residents has been judged to be worthy of such investment.

OEM has provided coordination of matters of homeland security impacting the City. The City actively participates in several homeland security collaborations, the results of which have greatly advanced the City's preparedness and ability to address a variety of emergency situations. In 2003, those collaborations in which the City participates received grants totaling nearly \$21 million. While the details regarding a \$19 million grant for regional assessment and coordination is being directed by the City of Boston, a \$1.96 million grant for equipment to serve several area communities, including Chelsea, has resulted in the delivery of that equipment. Security cameras, foam trailers, command vehicles, barricades, firefighter breathing apparatus and additional equipment and improved technology have daily applicability as well.

That coordination of homeland security matters undertaken by OEM also includes participating in and, in some case, hosting preparedness exercises. While Emergency Management has routinely directed such activity for more than a decade, world anti-terrorism concerns place a renewed importance on those exercises. The thought of a disaster, manmade or naturally, is certainly disturbing. The preparedness activities studied and performed regularly by local public safety departments, however, indicate that the City is ready if needed or called upon.

RECOGNIZING THEIR ADDITIONAL COMMITMENT

While on the subject of being called upon, the City wishes to recognize several groups for their service to the community and country. Trained professionals in the Fire and Police Departments have been at the ready and called up for disaster relief services, including one stint in Iran after a recent earthquake leveled portions of that country. Throughout the community and other cities and towns around the country, residents serving in the military reserves have been called up and are on the frontlines on our global community's war on terrorism. Several local residents and one City patrolman are still engaged in active service. To all the men and women who protect us here and abroad, the community remains grateful.

PUBLIC SAFETY INCLUDES ENFORCING BUILDING CODES

While not in uniform, the City's cadre of inspectors certainly merit attention for their public safety efforts. Code enforcement reduces the incidents of fire, the direct result of which has been the upgrading of the City's fire suppression classification. Rooting out overcrowded buildings, keeps occupants and responding public safety officials safe. Work with the Police has resulted in a drive along for Police and ISD to attack critical issues impacting Public Safety and Neighborhood Enhancement, including the elimination of beer houses and the towing of illegally parked cars.

Although ISD can often be perceived as "enforcers," and rightly so as the critical work performed in the department on inspections and plan reviews is mandated by State law and appreciated by municipal officials, many inspectors also demonstrate a selflessness and commitment to community that is as valuable as it is refreshing. During the recent record cold spell, ISD inspectors voluntarily shifted their hours to be available around the clock to provide assistance to property owners and their tenants in case of frozen pipes and no heat calls. Often on their own times, several inspectors chase nagging community problems raised by City Councils or neighborhood residents. Their dedication to the City's economic development agenda, especially in cooperation with the Fire Prevention Office in the Fire Department, has produced multiple benefits.

Illegal apartments and rooming houses continue to be a community issue and one upon which ISD will prioritize for even more intensive action in 2004. Those unsafe living conditions threaten occupants and can prove to be hazardous to firefighters responding to structural fires. The illegal occupancies have also proven to be burdensome to the Police and stretch the limited resources of the school system and human services network. While the City continues to work within the human services network to provide for greater affordable housing and services that diminish the pressures on individuals and families to rent in such substandard accommodations, far too many tragedies have taken place across the country to allow for illegal apartments and substandard rooming houses to continue to operate.

2004 Goals

- Complete the Police Department accreditation process, achieving "accredited" status;
- Utilize technology, including possible mobile video surveillance equipment, to more efficiently monitor and address criminal activities throughout the community;
- Consider the extension of the Traffic Unit into more nighttime operations to address speeding and heavy trucking concerns, as well as increase Police visibility;
- Conduct "Citizen Preparedness Classes" to prepare citizens to address their needs during emergencies;
- Adopt a "dangerous building and unsafe location" program to better protect the public and firefighters responding to incidents;
- Implement single incident management upgrades to allow for standardization of equipment and coordination of communication amongst fire departments and other public safety agencies;

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- Relocate the E911 operation to the Emergency Operations Center, and
- Prioritize the elimination of illegal apartments and rooming houses throughout the community.

FUNDAMENTALS – GOVERNMENTAL PHILOSOPHY

2003 Highlights

- Negotiated a Memorandum of Understanding with the US Department of Justice and secured City Council approval of a plan to avoid a Voting Rights Act dispute by changing the composition of the School Committee, from seven, at-large members to nine members, eight of whom are elected by districts and the ninth elected at-large;
- Published the first Spanish-translation of a major City document: the City Charter;
- Created “Chelsea Participates!” and enrolled twenty residents in a seminar on increased civic participation, and
- Established an “Employee of the Month” program.

Discussion

The institutionalization of the Governmental Philosophy Fundamental continues to win rave reviews for the City and produce tremendous success in the community. Regarding the former, the City’s highlight as a success in the recently released book “Halfway to Everywhere” is another in a long-line of impressive acknowledgements that the “bad old days” of City government are but a fast-fading memory. In terms of success, the City remains the envy of many; the result of a process that emphasizes professionalism, integrity, activism, vision and openness. Elected leaders and other City officials, including volunteers on the City’s Boards and Commissions, are collaborating on what the City regularly refers to as “a single, pro-Chelsea agenda.” An important part of that collaboration is the community, as the engagement City leaders seek to have with all the City’s stakeholders, including community based organizations, business, neighborhood groups and individual residents, has resulted in partnerships that have and continue to push the City further towards great achievement.

The basic City belief is that municipal government should focus on short-term achievement and long-term accomplishment. The City continues to ask itself the “tough questions,” as leaders from Roca are fond of saying, and not shy away from the responses that are elicited, no matter how difficult the commentary may be to hear. No example is more appropriate to reference than the controversy this past year regarding the composition of the Chelsea School Committee. The City is constantly asking itself and those being served how the administration of municipal government, life in the community and individual contentment could be made better. Certainly the City feels strongly about the manner in which it operates and the issues on which it focuses. However, more than one process or policy has been altered or adopted because of the feedback that is being offered. While more work needs to be done to continue to insure that people can “disagree on the issues, without be disagreeable,” there are few other communities that have opened themselves up to inspection and contribution as has the City.

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However, asking and answering tough questions in and of itself does not define the “new” Chelsea. One of the major benefits of the municipal government designed by City fathers and implemented over the past eight years under the City Charter is that long-range consideration of issues large and small are considered and encouraged. Again, using the School Committee questions as an example, a knee-jerk reaction to the Federal government’s question of discrimination was the farthest from the local experience. Instead, City officials sought opinions from the community and conducted a thoughtful examination of the long-term impacts of the decisions to be made. The result, while not universally accepted, proved to be a rational approach to what elsewhere could have been an irrational debate.

The City recognizes that stakeholder involvement and contribution is the only way long-lasting revitalization and the elevation of the entire community can and will take place. Engaging local stakeholders in discussions regarding the problems of the day has proven to be the formula for overcoming so many difficult issues. Again, more work needs to be done to ensure that everyone invited to the table comes with the same openness and single-minded purpose, the pro-Chelsea purpose, that City leaders seek to promote. There is no denying, though, that the City has moved far from the days when poor decision making was performed by a handful of powerbrokers who often acted in self-interest. Perhaps the latter explains how a community can go from Receivership to All-America City in only a few short years.

SCHOOL COMMITTEE GOES DISTRICT-BASED PLUS ONE

The City was certainly surprised to receive communication from the US Department of Justice that it was in possible violation of the Voting Rights Act. DOJ alleged that the at-large system of electing the local School Committee was discriminatory, in that only one Latino had ever been elected to a school board representing a community that is as much as 50% Latino. At no point did DOJ ever suggest that the discriminatory practice was intentional or fault lay with individual School Committee members or the board as a whole. Instead, the condemnation was about a process, albeit an at-large process that is practiced by almost everyone elsewhere, that seems to favor one group over another at the ballot box.

City leaders certainly had every right to protest. After all, the community has been a leading host to first- and second-generation immigrants for over 100 years. Not in recent memory had racial flare-ups threatened the harmony of the community. For those who had long-preached acceptance and long-embraced the city’s diversity, the suggestion, however unintentional the cause may have been, was enough to cause great consternation among many City and community leaders.

However, the Council directed the Administration to examine and provide a thorough examination of the issues, potential actions and likely consequences of such actions in addressing the DOJ allegations. What followed was anything but a knee-jerk reaction. Sure, there were some in the community who believed the City should allow the matter to go to court, and that the City had a compelling defense it could present. However, the majority realized that the most important issue before the City was the long-term impact a prolonged and vitriolic court case could have on the community. Instead of polarizing residents and degrading the many important gains the City has made in fostering harmony and promoting

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unity in the community, the City and DOJ found a mutually acceptable solution.

That solution, crafted outside a court process and sensitive to local issues, led the City Council to adopt a reconfiguration of the School Committee, from a seven-member board elected at-large to a nine-member board, of which eight would be elected from districts and the ninth at-large. The matter now awaits legislative approval as a home-rule petition to the City Charter. If adopted, an interim election will be held in the fall, when a new School Committee would be elected until the regular municipal election is held in 2005.

CHARTER - ESTATUTOS

This past year, the City published the first Spanish-translation of a major City document. At a City Hall ceremony held during Hispanic Heritage Month, City and community leaders were presented with the “Estatutos,” the City Charter translated into Spanish. The commitment made by the City to begin the process of translating major documents into Spanish reflects a desire to engage even more local residents in the workings of their community. In fact, next up to be translated is this very document, the State of the City Report. Because the City values the opinions and is constantly interested in the needs of those living or working in the community, outreach will continue to bring into the process all those who wish to participate. Language should not be a barrier to participation, so the City will make the effort to translate into Spanish those important documents that define the community and inform residents.

CHELSEA DOES PARTICIPATE

Each year, a week in September is set aside throughout the country for “Civic Participation Week.” While the City seeks to foster civic participation throughout the year, a coalition of City officials and community leaders came together to formalize a program to encourage new residents to become aware of and participate in the workings of their community. That program, “Chelsea Participates!”, kicked off during Civic Participation Week and began a four-session process of providing more than 20 residents with insight into City workings and the community agencies that address local needs.

Chelsea Participates! proved to be exciting for both participants and presenters. The class of twenty included new residents of many different backgrounds and several long-time community residents who want to get more involved in local boards and commissions. One participant actually had not moved to Chelsea yet, waiting for his new residence to be completely reconstructed before his purchase and occupancy could take place.

The first session focused on City government, with presentations from the City Manager, Superintendent of Schools and a member of a City board. The second session was an introduction to the various community based organizations that participate in enhancing the quality of life offered to all the city’s residents. The third session featured a mock presentation of a local development project, with participants split into a City board and a community organization to then discuss the pluses and minuses of the project and make recommendations as to the issues upon which the developer needed to focus. The last session took place at the State of the City Address, when participants were recognized and

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congratulated for their efforts to become more involved.

Chelsea Participates! will be offered again in 2004.

CONFERENCE ON CIVIC HEALTH IS IN ORDER

The City will ask community leaders to participate in a discussion about the civic health of the community at a conference that will take place in June. The program will be the largest convocation of community leaders to discuss the status of the community since the City pursued and was awarded "All-America City" status by the National Civic League in 1998.

Arguably, such a discussion should have already happened. Not because any matter has broken the civic spirit that was so evident during the All-America City effort. No, the opposite is the case, as collaboration and vision have produced outstanding results since then. Instead, the City wishes to engage in such a discussion because it cares about the contributions of its stakeholders and therefore believes it must reserve the time and make an extra effort to ensure that one and all are listening and respecting each other.

During the hustle and bustle of civic life, the latter can sometimes be a challenge. Many people and organizations, moving in different directions, even for the very same goals, can sometimes bump into each other and create friction. That friction is not substantial enough to stop the progress, but friction can hold back the growth that would otherwise be present in a smooth running operation.

The City believes that the Conference on Civic Health can reconnect stakeholders, reenergize partnerships, rekindle community spirit and refocus efforts on the most pressing matters facing the greater community. While, without such an effort, cooperation and accomplishment would still follow, those committed to the Conference on Civic Health share the belief that even more good can happen by moving out of the fast lane, even for a moment, to assess where the community is heading.

CUSTOMER SERVICE CAN AND SHOULD BE IMPROVED

Despite budget cuts, the City will strive to improve customer service in 2004. The City has maintained a focus on customer service in the past, but a reexamination of the manner in which the City operates and responds to customer needs is in order. Through self-examination and an elicitation of those who interact with the City, improvements can and should be made to the service the City seeks to offer.

Several items are already under discussion and will soon be implemented. At City Hall, for example, the City will utilize residents participating in the Senior Tax Work-Off Program to provide a "City Hall greeter" for those visiting City Hall. The City Hall greeter will provide answers to questions and direct those in need to the departments that can service them. Another effort will be to create a series of public service announcements (PSA) that can be aired on local cable television and placed in the local newspaper. Those PSAs will inform residents of local issues and provide education on a variety of topics.

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An additional customer service matter that the City will prioritize in 2004 relates to the use of technology to provide direct communication to residents. The most promising use of technology may be the capabilities the City's new Reverse 911 system provides. Secured through a federal homeland security grant, the system's main function would be to allow the City to provide a direct message through local phones in a case of emergency. Hopefully, the need to deliver that message will never take place. However, a reminder that street sweeping is beginning, a snow emergency is in effect or a public works project is set to start in a neighborhood could be transmitted through the phone lines from the City to a targeted group of residents. A study group is reviewing the technology, with a report on its possible implementation to be issued in February.

RECOGNIZING EMPLOYEE CONTRIBUTIONS

An "Employee of the Month" program has been established to recognize City Hall employees for important contributions to the functioning of City government. As has been noted above and discussed in greater detail when the opportunity arises, the dedication of municipal employees is a major factor in the success the City continues to enjoy. Staffing levels are down and it always seems as though the workload is up. Yet, despite the pressures, City staff are not only holding it together, but helping the City to expand its reach into even greater service to local residents. The City believes that the spirit of an entire staff should and can be rewarded by identifying the special contribution members of the City Hall team have provided in advancing the pro-Chelsea agenda.

To date, two outstanding professionals have been recognized: Bea Cravatta, Community School Director, and Joan Lanzillo, Public Buildings Superintendent. Both have been focused in their missions, selfless in their service and successful in their responsibilities. Bea has created a vision for the Community Schools Program that holds out great promise for its continued importance in the lives of local residents. Joan almost single-handedly overcame many obstacles in getting the new artificial turf project at the Memorial Stadium completed. Their efforts are noteworthy and truly representative of the commitment their colleagues are making on a daily basis.

GOVERNING IN A COMMUNITY

Municipal government, the City, must remain loyal to the Governmental Philosophy in order to be keeping in touch with the needs of its residents. Those needs include a working government, free of self-interest in favor of community interest, whose integrity is only surpassed by its accomplishment. That government must work hard, each and every day, to manage the daily issues that need to be addressed or advanced. But, that government cannot lose sight of the "big picture," so, an eye towards tomorrow must always be open.

Adherence to community expectations, from compliance with the City Charter to fixing the smallest of pothole, must take center stage; for a government that loses focus on the issues, whether big or small, is bound to fail. But government cannot go it alone, so that responsible government must welcome the community to the decision-making table and trust that the

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community can and will make the right decisions once informed of the options. No matter how uneasy the debate, government must embrace the discussion and hold harmless the dissenters.

Government must lead; but it must also follow. It needs to be firm, yet flexible. For a city to breathe and be alive, government must balance the demands of individuals against the needs of the community. Patience may be a virtue, but progress requires action. Government must push ahead a community agenda that promises a better life for its civic infrastructure and its individual stakeholders. Along the way, though, that well-meaning government need know that there are no short-cuts to success, and that the foundation that is set by building the community through cooperation and teamwork will ultimately lead to many more hands tilling the fields in anticipation of a harvest of achievement.

Chelsea City government is committed to the Governmental Philosophy Fundamental and all the Fundamentals because by doing so, so very much promise can be realized. By keeping in touch with that which defines a community on the rise, City government becomes that community and all of its stakeholders benefit. Such has been the realization of much toil, sacrifice and dedication for many years now running. The accomplishments of yesterday do build a foundation for even greater achievement tomorrow. With the plans for full revitalization now permanently marked out, the City need only remain loyal to the Fundamentals in order to enjoy even greater and more long-lasting success in 2004 and well into the future.

2004 Goals

- Translate the State of the City Report into Spanish and review the possibilities for other major City documents;
- Organize a “Conference on Civic Health” to reconnect stakeholders, reenergize partnerships, rekindle community spirit and refocus efforts on the most pressing matters facing the community;
- Improve upon customer service, in part by establishing a “City Hall greeter” and developing public service announcements through the Senior Tax Work-Off Program, and
- Explore the utilization of new technology to establish a Reverse 911 that would allow the City to call residents on emergency matters or items of interest.

ADDENDUM

Keeping in Touch is about a community and all that the stakeholders do to help advance the common cause. Chelsea is truly fortunate to have dedicated public officials on the local, county, state and federal levels working together to promote local issues. So too are the community based organizations, mostly based locally but several serving larger regions, that offer to collaborate on those issues within their domain and of importance to individuals and the entire community. Many business leaders regularly provide donations and give of themselves. Perhaps no one individual better represents the very best of the business community than does Ray Monkewicz of Kayem Foods. A major contributor to just about

everything positive that happens locally, Ray is also the first out to the park to cook hotdogs for the kids. Many community groups, including a host of crime-watch organizations, are active and are trying to improve the quality of life experienced in each and every local neighborhood. Of course, individuals not affiliated with any organization or particular cause have continued to step up to volunteer for community clean-up days and municipal boards and commissions. In their entirety, the collection of stakeholders that focus on the community is truly awe-inspiring.

For now the second year, the All-Chelsea Awards brings community leaders together to solicit nominations and offer their own opinions as to the champions among us. This past year, the All-Chelsea Awards recognized a group that truly is distinguished, including:

Public Servant of the Year – **Dotty D'Eon**, Chelsea Senior Center
Businessman of the Year – **Sergio Jaramillo**, Liberty Loan
Community Organization Person of the Year – **Bob Repucci**, CAPIC
Youth Resident of the Year – **Mindy Sum**
Adult Resident of the Year – **Bruce Mauch**
Senior of the Year – **Arthur Bowen**
Project of the Year – **Casa Maribel**
Contributing Stakeholder of the Year – **John Silber**
Lifetime Achievement – **Lenny Florence**, businessman and philanthropist
The **Honorable Andrew Quigley**, former State Senator, Mayor, School
Committeeman (deceased)
Helen Zucco, Chelsea Restoration Corporation

Chelsea may not be perfect, but what happens in the community on a daily basis is very special. People and organizations working independently but in unison, asking questions, taking stands, defining actions and producing results, have combined to make Chelsea a place that others now look to for answers and point to as a positive example. That individual contribution is resulting in so many collective goods gives ample evidence as to the cause of local success.

In discussing the local transformation from Receivership to an All-America City recipient, author Bill Hudnut, a former mayor of Indianapolis, congressman from Indiana and now senior resident fellow at the Urban Land Institute, made the following observation about Chelsea in his book "Halfway to Everywhere:"

"In a bundle of sticks, no one stick is very strong, but taken together, the sticks are unbreakable. Strengthening the bundle means strengthening each stick, a process that takes time. Just so, taken by itself, no single strategy or program can bring strength and vitality to a declining city, but one strong stick can help another, and another and another, so that when bundled together, they can prove a formidable obstacle to further decay, unlock future potential, and indeed, promote new life."

Keeping in touch strengthens sticks in bundles. So, too, does keeping in touch strengthen

communities. By caring, relying upon and trusting each other, Chelsea has become a stronger, more vital home for a collective group of individuals known as the community. By continuing to commit to each other, there is no end to the community vitality that strength can support.